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## NEWS SUMMARY

### GENERAL

#### Liberals review Thorpe's future

Pressure on Mr. Jeremy Thorpe as leader of the Liberal Party has intensified, writes John Bourne. Mr. Cyril Smith, Liberal Chief Whip, said he expected the situation surrounding Mr. Thorpe to be discussed at a meeting of the 13 Liberal MPs in the Commons to-night.

Mr. Thorpe had told him yesterday that if the Chief Whip advised him at any time that he ought to resign, he would do so.

But I assured him I had not the slightest intention of doing so because I did not believe any of the allegations at all."

While Mr. Smith maintained: "I don't think it is necessary for the party to take any further action," another Liberal MP said last night that the situation in the party was "not good and could get worse." Back Page

#### Guerillas hold 21 children

A bus carrying 21 children of French military families was hijacked by an extremist group with Somali links near Djibouti, capital of the French territory of the Afars and Issas, near the entrance to the Red Sea. The kidnappers are demanding the country's unconditional independence and the cancellation of a proposed referendum.

Page 6

#### Rabin faces storm

Israeli criticism of the way its list of arms procurements was submitted to Washington could lead to serious divisions within the ruling Labour Party, while Mr. Rabin, the Prime Minister, will face a no-confidence vote on his return from the U.S. Page 5

#### Eclipse for Lagos

General Murtala Muhammed, the Nigerian head of State, has announced the creation of seven new States, making his country a 19-State federation. The federal capital is to be shifted from Lagos to a central location inland. Page 5

#### Trap for arts

Any move towards "bogus democratisation" of the Arts Council would produce a body of arts activists and politicians which would undermine and eventually destroy the past 30 years' achievements, said Lord Gibson, the council's chairman. Page 8

#### Left in the cold

The politics and standpoints of the Left are being denied serious newspaper coverage in Britain, according to Sir Denis Hamilton, editor-in-chief of Times Newspapers. Page 7

#### Welsh Speaker

The Queen's consent was given in the Lords to the appointment of Welsh-speaking Mr. George Thomas, Deputy Speaker and Labour MP for Cardiff W., as Speaker of the Commons in succession to Mr. Selwyn Lloyd. Page 14

#### Risks in milk

National Dried Milk and similar proprietary brands can no longer be recommended for babies under six months, the Department of Health announced, following a report which warned of health risks in unmodified cow's milk. Back Page

#### Briefly...

Brest, France: Attempts to salvage the 275,000-ton super-tanker Olympic Bravery have been given up for the time being.

William George Rodgers, serving life for a murder committed in 1964, only three years after he was jailed for manslaughter, has absconded from Leyhill open prison, Gloucestershire.

### BUSINESS

#### Gold lifts mines to 232.1: gilts down

● GOLD touched \$122, but eased towards the close to \$121, a net gain of \$1.

● GOLD MINING shares climbed in sympathy with bullion. The Gold Mines index rose 8 points to 232.1 for a two-day gain of 16.3.

● GILTS sustained a fairly sharp set-back. The Government Securities index lost 0.67 to 84.19. EQUITIES slipped in the absence of support. The FT 30-share index gave up 2.8 to 409.5.

● STERLING eased 15 points against the dollar to \$2.0280, but was better against other major currencies: its weighted depreciation narrowed to 30.1 (30.2) per cent. Dollar's fall widened to 2.48 (2.41) per cent.

● WALL STREET was 3.39 down at 967.96 near the close.

● U.S. TREASURY bill rates: 3-months 4.811 (4.763) per cent; 6-months 5.066 (5.052) per cent.

● CHILE is attempting to raise \$200m. loan in the U.S. capital markets, according to banking sources in London. Page 22

● AUSTRALIA is to bring pressure on Japan to hold to her long-term commodity contracts, particularly those for sugar, iron-ore and coal. Page 27

● LOME CONVENTION, linking 46 African, Caribbean and Pacific countries in a trade and aid relationship with the EEC, comes into effect on April 1.

#### Stock Exchange deals reach record £16.8bn.

● STOCK EXCHANGE deals reached a record £16.8bn. last month. Turnover in gilt-edged jumped by more than 92 per cent to £13.7bn. Page 21

● BUILDING SOCIETIES net receipts in January look likely to total between £300m. and £350m. The full figures are expected next week. Page 8

● U.S. DECISION on landing rights for Concorde is to be announced to-day. Page 4

● FRANCE has been implicitly invited by BAC chairman, Mr. Allen Greenwood, to join his company, West Germany and Italy in the development of a Multi Role Combat Aircraft. Page 6

● ARMSTRONG EQUIPMENT, the U.K. motor component group, is to spend £0.94m. on a substantial expansion of its Spanish business. Page 7

#### LABOUR

● PRODUCTIVITY at Harland and Wolff has improved dramatically since the Government's October warning to the workforce, but Mr. Stanley Orme, Minister of State for Northern Ireland, cautioned that even with increased productivity, the danger to the Belfast yard's long term future was not overcome. Page 10

● MINERS in Nottinghamshire have refused to endorse a demand for pay rises of up to £33 a week. Page 10

#### COMPANIES

● DOWTY GROUP first-half pre-profit advanced to £5.15m. (£4.2m.) and a similar second six months is forecast by the Board. Page 19 and Lex

● BRITISH-AMERICAN Tobacco net attributable profit rose to £136.95m. (£117.27m.), reflecting a strong second half. Page 20 and Lex

● AVON PRODUCTS, the world's largest manufacturer of cosmetics, reports that net profits rose 24 per cent last year to a record \$139m. Page 22

CHIEF PRICE CHANGES YESTERDAY		
(Prices in pence unless otherwise indicated)		
RISERS		
AAH	171	+ 5
Adams and Gibson	61	+ 5
Amal Metal	218	+ 8
Bond St. Fabrics	42	+ 5
"Bats"	365	+ 7
Dew (G.)	108	+ 6
Dowty	163	+ 5
Ferro Metal	116	+ 4
Intal Timber	213	+ 10
Lucas Inds	118	+ 4
Norton (W. E.)	144	+ 3
Primrose	183	+ 8
Shepherd (E.)	59	+ 5
Wagon Finance	54	+ 10
Solihull Oil and Gas	890	+ 15
East Drie	890	+ 40
Falcon Mines	123	+ 15
Geduld Inv.	320	+ 20
Peko-Wallend	510	+ 45
FALLS		
Treasury 131pc 1997	1991	- 1
Treasury 101pc 1979	1991	- 1
Concrete	180	- 3
Costain (R.)	222	- 6
Expanded Metal	80	- 6
Lampas Secs.	120	- 5
Ocean Transport	141x	- 5
Priest (B.)	524	- 4
Rank Org. "A"	159	- 4
Reed Intnl.	278	- 4
AV and S.	134	- 4
Tarmac	184	- 4
Tube Inv.	244	- 4
Unitech	103	- 7
Burmah Oil	48	- 3
Woodside-Burmah	134	- 3
AV and S.	134	- 3
RH South	150	- 10
NIM Hldgs.	224	- 8
Pancontinental	1164	- 3

## CBI survey shows first signs of export-led revival

BY ADRIAN HAMILTON

The first, tentative, signs of an export-led recovery from the present recession in U.K. manufacturing industry were revealed in the Confederation of British Industry's latest industrial trends survey yesterday.

But the CBI continues to qualify its optimism. It warns that most companies continue to operate well below capacity and that the rate of unemployment in the manufacturing sector is likely to continue to climb in the next few months, with perhaps as many as 70,000 more out of work.

In terms of the general revival in business confidence which has become apparent recently, the survey—the most thematic in more than a year—would tend to support the more hopeful tone of recent Government statements.

The survey indicates that orders are at last picking up, largely because of an end to the rapid detocking which was marked last year and the beginning of an economic resurgence among Britain's trading partners.

The results of the survey, taken last month, also suggest that capital expenditure could climb back to the levels of a year ago in the third quarter and thereafter continue to improve.

This prediction, in particular, is more optimistic in terms of timing than recent surveys by the Government have implied.

Yet in a number of ways, the CBI continues to be a great deal more cautious in its prediction of an economic recovery than recent Ministerial speeches.

It points out that, for all the revival in confidence in the future, almost eight out of ten companies are working below capacity and 85 per cent expect output to be limited over the next four months because of shortages of orders or sales.

The indications of an upturn, it points out, are largely attributable to an investment in stocks as the detocking process comes to an end and to an increase in export orders, which could be endangered by rising costs.

In another warning, the CBI also cautions that investment could be restrained by a shortage of internal finance—a point of particular concern to the Government at present.

While the Confederation has still to draw up its representations to the Budget, the survey does indicate the lines on which it is likely to proceed.

First, industry remains as convinced as ever of the dangers of any conventional deflationary measures at this stage.

While it accepts that the unemployment picture is worrying, it argues that any such measures would at best make no difference and at worst, damage the tentative signs of recovery, making unemployment that much worse.

Secondly, the CBI still regards inflation as public enemy number one, and is therefore pushing hard for a toughening of the next

Survey details Page 10; Editorial comment Page 16

to exercise "voluntary restraint" on the cod tonnage they draw from Icelandic waters.

Mr. Fred Peart, Minister of Agriculture and Fisheries said that he would take up the matter of "voluntary restraint" with the trawling industry immediately.

"All the constructive suggestions in these negotiations have come from the British side," Mr. Callaghan claimed.

For the first time he revealed the basis of the U.K. position: that Britain had asked for 28 per cent of the total allowable catch of cod over whatever period that Iceland cared to set. But he would not go into details.

From Reykjavik it was learned that this percentage figure was bedeviled by a minimum demand of 65,000 tons of cod a year—and a maximum of 75,000 tons—and that Britain was also asking for a total catch of 85,000 tons of all species of fish.

Iceland's last offer, made before Christmas, was for a total catch of all species of 65,000 tons, but this was later withdrawn.

Mr. Callaghan is to make a statement in the House of Commons to-day which may reveal how soon any further talks can take place.

The Government hopes that restraint by British fishermen in the amounts of fish they catch will be matched by restraint on the part of the Icelandic coast guard.

Any serious harassment "will result in the automatic return of the Navy," Mr. Callaghan said last night.

It became clear to Reykjavik last night that included in the three-month agreement, that Mr. Hallgrimsson suggested was a reduction in the number of British trawlers, a limited area between the 50 and 200 mile limits, and rules on the size of nets, fishing gear and strict conservation.

## VW engines for Chrysler U.S.

BY GUY DE JONQUIERES

NEW YORK, Feb. 3.

CHRYSLER CORPORATION has become the second U.S. car maker to reach agreement with Volkswagen to buy engine units for use in small cars to be produced and sold in the U.S.

Chrysler announced to-day that it had agreed in principle to buy up to 300,000 four-cylinder 1.7 litre base engines and up to 120,000 transmission units.

They will be fitted to a small front-wheel-drive car which it plans to start assembling in the U.S. in the autumn next year.

The value of the deal has not been disclosed.

In July American Motors, the smallest of the four Detroit makers, agreed to buy an unspecified number of two-litre Audi engines from Volkswagen. But unlike Chrysler, American Motors plans to start building the engines itself at a plant in Richmond, Indiana, late next year or early in 1978.

Chrysler said that the company's agreement with Volkswagen was open-ended.

It whether it is intended to develop into a long-term supply contract or merely to take care of Chrysler's needs until the U.S. company can make its own four-cylinder engines.

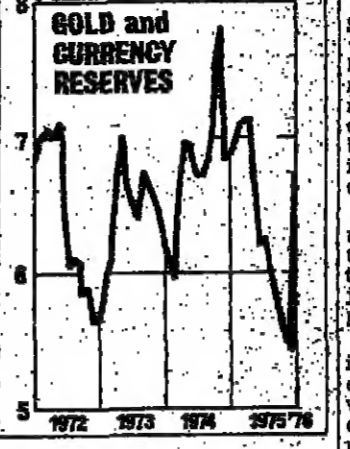
Chrysler is continuing to develop a two-litre engine and larger four-cylinder engines of its own design.

These are intended for various "sub-compact" small cars which it is planning to introduce after the 1978 model year, during which it is due to launch its small front-wheel-drive model.

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## Reserves rose by \$1.3bn. in January

By William Keegan  
Economics Correspondent



A SUDDEN \$200m. switch from sterling by the Middle East oil producer Dubai was the reason for the upsurge to sterling on Monday after a remarkably good month for the U.K. currency.

Official figures out yesterday show that the U.K.'s gold and foreign currency reserves rose \$1.356bn. during January to stand at \$6.785bn. at the end of the month.

This increase was more than accounted for by the U.K.'s drawing on the International Monetary Fund oil facility which brought in \$1.174bn.—and further borrowing by the U.K. public sector totalling a net \$167m.

The IMF drawings were made because the Government thought it "undesirable" that the official reserves should drop below the levels ruling in mid-December.

As it turned out, January was a good month for sterling, which escaped unscathed from the upsets in the currency markets caused by the Iran crisis. It is understood that the real inflow into London during the month was well in excess of the declared figure.

The U.K. authorities appear to have chosen to declare a conservative estimate of the reserve level at end-January, in order to iron out the fluctuations being caused by oil money movements.

The regular pattern now is for many of the oil royalty payments paid in sterling to be switched into other currencies the following month.

Continued on Back Page

## 'Ferrybridge Six' unfairly dismissed

BY CHRISTIAN TYLER, LABOUR STAFF

SIX Yorkshire power station workers—the so-called "Ferrybridge Six"—were unfairly dismissed for "not joining a particular union that has put the bulk of the judgment in the closed shop; agreement and must be compensated," a Leeds industrial tribunal ruled yesterday.

But in spite of the men's request that it should do so, the tribunal has not recommended that they be given back their jobs at the Ferrybridge "C" power station.

Although probably the first of its kind under the present state of closed shop law, the 20,000-word judgment resolutely avoids discussing the controversial points of principle of the Trade Union and Labour Relations (Amendment) Bill shortly to be debated in the House of Lords.

Reactions on all sides last night were mixed since the tribunal, while criticising the Central Electricity Generating Board and the four recognised unions for failing to ensure the closed shop agreement was applied to everyone, reserved much harsher words for the men themselves. It called them "unyielding and intransigent types."

All six men, members of the small and unrecognized Electricity Supply Union, said yesterday they would shortly be taking the Board for their jobs back, in spite of the tribunal's virtual warning that they should not.

Mr. Nicolson called this "a remarkably unhelpful" opinion shared by those in Whitehall who had hoped for new debating material, but who felt the Government's stance on the closed shop had been broadly justified. The judgment, said Mr. Nicolson, showed that "secure and powerful organisations could be taken on and defeated in a responsible, peaceful and legal manner."

At the CEGB headquarters in Leeds, a spokesman said industrial peace would now be restored at Ferrybridge "C."

The six men, all of whom had once been members of recognised unions but left when the Conservatives' Industrial Relations Act of 1971 broadly outlawed closed shops, are Mr. Bill Sarrent, general secretary of the ESU, Mr. Desmond Palmer, Mr. Bob Holliday, Mr. Trehan Morgan, Mr. Conrad Smith and Mr. Clifford Mathers.

Four of them agreed to join the AUEW "under protest" at the last minute—a union to which none had formerly belonged—but their application fell foul of the TUC's "no-poaching" Bridlington rules. The tribunal said in cases where workers were unreasonably excluded, "they had recourse to their own appeals procedure as well as to the law itself."

Ruling, Page 10; Feature, Page 17

## Compensation

In the meantime the parties are to agree compensation among themselves—this could amount to up to £5,300 for each man—and failing that can ask for a hearing on the point.

None of those involved had made any firm decision last night whether to appeal against the ruling. Nor was it immediately clear whether other members of the ESU, persuaded to join recognised unions, will now leave them again confident that it will not result in their being dismissed.

One immediate consequence, however, is that the CEGB and recognised unions—the Transport Workers, the Engineers, the General and Municipal Workers and the Electricians—are expected to sit down to discuss how to deal with their much-criticised failure to determine who and who is not a member of a recognised union. The tribunal, under Mr. George Smiles, estimated that despite the closed shop as many as 1,000 workers out of the 39,000 were not in recognised unions and should be. It is this failure of the industry's closed shop in practice—not

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## WORLD TRADE NEWS

## Lome approval gives go-ahead for EEC aid

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

THE LOME Convention, linking 46 African, Caribbean and Pacific countries in a new trade and aid relationship with the EEC, will come into effect on April 1. Community officials announced here today that formal implementation of the agreement, signed on February 28 last year, can go ahead now that it has been ratified by all nine EEC countries and most of the ACP nations.

The agreement's entry into force will make little difference in trade terms, as the nine are already applying its commercial provisions. The important point is that it will allow a start to be made on payments of Community financial aid and the establishment of the joint institutions foreseen under the Convention.

Officials today said 40 ACP countries had now completed the ratification process, and Kenya and Tonga were well on the way to doing so. Of the four remaining countries, the Bahamas, Mauritania and Zambia were expected to ratify in the next few days, but it looked as if Equatorial Guinea would not do so before April 1.

Meanwhile Jordan has followed Egypt in telling the Community that its offer of a new trade and co-operation pact

under the EEC's Mediterranean policy will remain inadequate until financial aid is also included. The "second phase" of the Mediterranean policy is now getting under way with the opening of talks with Egypt last week, Jordan yesterday and Syria tomorrow.

The Jordanian negotiators told the Commission team that financial aid, which the nine Governments have still not approved, was the only way the EEC could help to develop their country's economy at the present stage. Community funds were essential for Jordan to take advantage of the agreement's other aspects and mobilise investments from other sources, particularly the oil States, they argued.

The Jordanians also expressed interest in long-term contracts for the supply of food by the EEC—at a time when Egypt, the only country so far to have tried to negotiate such a deal, is having serious misgivings about it. The Egyptians are reported to feel that the limitation of the major part of their agreement to the Council of Ministers, removes most of its advantages, particularly as far as milk powder is concerned.

Other rumbles of discontent have been heard from Morocco and Tunisia, who concluded negotiations with the EEC at the end of the "first phase" of the Mediterranean policy last month. The two countries are claiming that the Community gave better treatment to Algeria, notably for wine and oranges, after their own negotiations had been concluded.

Tonight, however, Mr. Habib Chatty, the Tunisian Foreign Minister, said the difficulty was a small one and should not be allowed to jeopardise the entire agreement between his country and the Community. Contacts were continuing with the Commission, and he hoped that a solution could be found by Monday, when the nine Foreign Ministers are next due to meet in Brussels.

Mr. Chatty told a Press conference that the next session of the "Euro-Arab" dialogue between the nine and the Arab countries would take place in May. He said that the meeting would be the first time at a Ministerial level. He welcomed the prospect of Greece and other southern European countries joining the Community, as this would lead to even closer co-operation between the two sides of the Mediterranean.

## Parsons in S. Korea Candu deal

By Our Foreign Staff

C. A. PARSONS has won a contract to supply a 660 MW turbine generator for South Korea in association with a Canadian subsidiary company, Howdon Parsons. The C.A. Parsons share of the contract is worth about \$20m. The generator will be installed in Korea's first Candu nuclear station near Taejeon which is being supplied by Atomic Energy of Canada which is engineering the overall contract. It is the first generating set to be ordered from Parsons by Korea, where the new station is due for commissioning in 1981.

C. A. Parsons has supplied equipment for a large number of the nuclear projects undertaken by Atomic Energy of Canada. It was not clear whether the contract was not the result of a competition directly against other turbine generator suppliers for the contract.

The company is not participating in the stellar agreement which the Canadians are currently signing in the Argentine in connection with Candu plants supplied to India. The Government has stipulated that equipment be supplied wherever possible by local contractors.

Parsons, which was founded in 1913, has supplied equipment for a large number of the nuclear projects undertaken by Atomic Energy of Canada. It was not clear whether the contract was not the result of a competition directly against other turbine generator suppliers for the contract.

## AMERICAN NEWS

## U.K. envoy hits out at Moynihan

BY QUENTIN PEE

MR. IVOR RICHARD, the British Ambassador to the United Nations, yesterday attacked the confrontational policies of the United States at the UN, and in particular the role of the retiring U.S. Ambassador, Mr. Daniel Patrick Moynihan, who announced his retirement on Monday.

In his most outspoken criticism to date Mr. Richard accused the U.S. of leaving the West "headless" at the UN, and of treating the expansion of the UN as a forum for ideological confrontation rather than constructive co-operation.

"The United States has put itself in a position where it is isolated," he told an audience at the Royal Institute of International Affairs in London. "It has irritated its friends and antagonised its enemies." In recent months, he said, "a degree of bitterness and rancour" had grown between the Western powers in New York.

Richard, the former British Labour MP who took up his appointment in 1974, made no secret of his personal differences with Mr. Moynihan. He made clear his opinion that the U.S. envoy had forced U.S. foreign policy into an untenable position.

In a wide-ranging speech, the British Ambassador emphasised the importance of the current economic debate at the UN, which had replaced much of the former political content of discussions there. He identified the attitude of

Western nations to the contrary of the Third World as the key to the divergent policies of Britain and the U.S. at the UN.

"We can be quite open about the differences between the Ambassador Moynihan and myself," Mr. Richard said. "There is a difference of perception. The British attitude was that the UN was an instrument of British foreign policy and also an instrument of international co-operation. The contrary view is that the UN is not there to produce international co-operation, but is there to be a forum for international ideological confrontation and dispute."

The speech by Dr. Henry Kissinger, the U.S. Secretary

of State, to the seventh session of the UN General Assembly discussing a new International Economic Order had given the clear impression of moving towards the view of the Third World, said Mr. Richard said.

"But in recent months it was impossible to recover some of the things Ambassador Moynihan was saying about the Third World with its comments expressed in Kissinger's speech," he said.

In answer to a question Richard said that he had brought a directness and honesty to the dealings of the UN. The Soviet Union, on the other hand, had "a sense of the relativity of truth."

## Kissinger loses his shield

BY JUREK MARTIN, U.S. EDITOR

increasingly in the last couple of years, and intensifying in the last six months, to public criticism for his conduct of foreign policy. In the shifting sands of Washington the end of Mr. Moynihan may mean, as one expert has put it, "a possible minus" for Dr. Kissinger's control over foreign affairs within the Ford administration.

In crude terms, Mr. Moynihan was Dr. Kissinger's shield against the right wing of the Republican Party. American conservatives have always disliked the UN, and Mr. Moynihan's criticism of it, particularly since he was appointed to the post, has been a constant reminder to the East Coast establishment liberal and gave credit to President Ford for giving him licence to operate.

The attacks launched by Governor Ronald Reagan, Mr. Ford's challenger for the Republican Presidential nomination, seemed all the weaker while Mr. Moynihan was speaking in the name of the American Government, and Mr. Ford's repeated assertions of confidence in his ambassador went down very well with the right wing.

Now Mr. Ford's advisers are, generally, not men of vision. The White House is largely peopled by those rooted in conservative politics, not cynical by Mr. Moynihan in his new public role. He calculated a campaign in which he castigated the State Department, which Dr. Kissinger heads, for not supporting tough realism in the conduct of foreign policy. The departure of Mr. Moynihan from his post as Ambassador to the UN presages no change in the substance of U.S. foreign policy—only in its style. Mr. Moynihan is flamboyant, extemporaneous and, in his own words, "a bit of a clown." Dr. Kissinger is a serious, intellectual, conceptual and equally controversial, but his goals have been seen to come together.

That does not mean that the end of Mr. Moynihan at the UN, presumably to pursue a political career, and not as an academic as Dr. Kissinger has been exposed for Dr. Kissinger. The Secretary of State has been exposed

it so happened, conservative critics inside the Government. But the price he paid was to sacrifice his own chairmanship of the National Security Council's Committee on Foreign Policy. Although, technically, Dr. Kissinger secured his flank by having his own deputy appointed to succeed him at the

giving up his access to the Office simply because he moved a couple of miles to the Potomac. Mr. Moynihan still learning the ropes of the Defence Department, made no public comments on foreign policy; he had been tough with the Russians as Kissinger has but, perhaps because he has not changed the policies that Dr. Kissinger had put in motion. He presided over the presentation of an expanded defence budget, and he had threatened to become a visible alter ego in the administration.

The State Department in which Dr. Kissinger heads, became somewhat vulnerable as a result of the Moynihan's criticism of its lack of support for a policy of real State has been enmeshed before when Dr. Kissinger's foreign affairs from the White House in Mr. Nixon's first and Mr. William Rogers' second term. It was a demoralised. Now, under Kissinger, it may be perceived those who do not agree with him to be a dual instrument. If the insipidness in conservative circles, in spite of the reasons for Mr. Moynihan's departure, the depart helped speed his resignation then Dr. Kissinger may be further isolated.

These considerations, it is a real stress. The staff in Washington gossip: they may amount to a row of beads, may be that all the administration has lost at the UN is original style. In an expression of view that are a dispute within the Government. But if Mr. Ford finds no caution in the snows of New Hampshire and the warmth of Florida in the substance rather than merely the style of policy may be called for. Dr. Kissinger may not be positioned to call the tune.



Daniel Patrick Moynihan... "flamboyant, extemporaneous and controversial."

## Brazil outlines oil strategy

BY DAVID WHITE

RIO DE JANEIRO, Feb. 3.

AN OUTLINE of conditions under which foreign companies will be able to prospect for oil in Brazil was published at the weekend by the State-controlled concern Petrobras.

It makes clear that the exploration risk will be borne by the companies themselves, with costs to be refunded in full "during a period to be negotiated" if it is found in commercial quantities.

The companies will also receive remuneration based on the level of production in compensation for the services and risk involved.

Petrobras itself will have "full ownership" of all the oil found

by the contractor, on land, on the Continental platform or in the sea bed within the 200-mile territorial limit. The communiqué does not specify whether Petrobras will take full control of the production stage once exploration and development are completed, but it is generally assumed that it will.

As reported earlier, foreign exploration will be limited to specified areas, excluding those where Petrobras has already been successful. The administrative council of Petrobras has approved ten prospecting areas covering 34,000 square miles. These include the Amazon

basin, a region in which Shell in particular is known to be highly interested, and sections of the continental platform, which stretches down the country's Atlantic coast. The communiqué gave no other details.

Other clauses in the contracts will cover the use of Brazilian manpower and Brazilian-made equipment.

The reception among representatives of foreign oil companies here was cautious, in anticipation of a more detailed prospectus giving clearer indications of the compensation scheme.

## Boom-time for digital watches

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

AN EXTRAORDINARILY bleak forecast of the future for traditional watch manufacturers was given yesterday by Fairchild Camera, the U.S. semiconductor company which claims to have become the world's largest producer of digital watches.

Speaking in London at the U.K. launch of Fairchild's two new watch collections, Mr. Craig Reyes, General Manager of its Consumer Group, said the market for watches "with funny little hands" would hardly grow at all between now and 1980.

Out of 220m watches made throughout the world in 1975, Fairchild estimates that only 5m were digital. But by 1980 there could be 90m, a year,

accounting for nearly 30 per cent of the 320m total, according to the company. In other words, sales of traditional watches would rise by less than 1 per cent over the entire period.

Mr. Reyes also forecast a world figure of at least 15m this year, compared with the 1975 estimate of only 5m, which was set six months ago. He attributes the drastic upward revision to snowballing interest from the watch trade, rather than to wishful thinking on the part of the semiconductor industry, which currently dominates the digital watch business.

Apart from consumer interest, the key to these forecasts is expected to fall dramatically: from \$90 apiece last year in the U.K. (lower in the U.S.) to half that, only \$15 by the end of 1976, and only \$12 by 1980. With semiconductor components dominating the cost of digital watch manufacture, the electronics makers must have a particularly clear idea of the market.

Mr. Wilfred J. Corrigan, the Liverpool-born and U.K. educated President and Chief Executive of Fairchild, denied that the digital watch business would follow the same price trend as calculators, where there has been controversial cost-cutting on already-introduced models.

See Men and Matters, Technical Page

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See Men and Matters, Technical Page

## Swedish protest

By William Duffell

STOCKHOLM, Feb. 3.

SWEDEN YESTERDAY formally protested to the U.S. against its proposed restrictions on special imports. In a letter handed to Assistant State Secretary Robert S. Ingalls by the Swedish Ambassador in Washington, Wilhelm Westermarck, the Swedish Government expressed "deep concern" about the import quotas proposed by the International Trade Commission, which would entail cuts of around 10 per cent in American special steel imports.

The restrictions, which would affect about half the \$1,400m (1975) annual exports of Swedish special steel to the U.S., would be a serious setback to the steel industry, the letter said. It referred to the increasingly critical production and employment situation among Swedish steel works and pointed out that Swedish steel production as a whole fell by 9 per cent last year.

The letter was backed up by statistics which the American special steel producers' difficulties result from fluctuations in domestic demand rather than from increased imports. The Swedish Government also warned that U.S. action against steel imports could lead to protectionist measures in other fields.

The U.S. quota would in fact allow the Swedes to increase exports of stainless steel and strip and stainless plate but it is doubtful whether the Swedes could sell their full quota of special steel in the U.S. market since 1974.

Worst affected would be the profitable alloy and high-speed tool steels, where the Swedes have certainly been expanding their market. Recommended quotas for 1976 are 1,111 tons (1,236 tons) for stainless steel, 1,478 tons (1,237 tons) for stainless rods, 3,925 tons (4,972 tons).

Other quotas with 1974 figures in brackets are stainless sheet, 2,111 tons (2,111 tons); stainless plate, 1,478 tons (1,236 tons); stainless bars, 1,478 tons (1,237 tons); and stainless rods, 3,925 tons (4,972 tons).

## Yugoslavs amend import policy

BY A. LEM

BELGRADE, Feb. 3.

IMPORT LICENSING measures imposed last summer in Yugoslavia expired on December 31. But the old foreign trade policy has been reinstated, basically unchanged as from January 1 of this year. There are, however, some shifts in emphasis, but not outright modifications. One is a closer link between experts of a company and its imports, while another is a general increase in tariffs.

A Yugoslav concern wishing to import goods will be able to do so to the extent that it succeeds in increasing its exports compared to a reference period. The details are not yet quite clear except for that it will be done through voluntary agreements, possibly within the framework of the Chamber of Economy, and through banks. Broad guidelines will be set by the Federal Government in view of the balance of payments situation to be reviewed quarterly. AT

the moment the overall target for 1976 is to increase the volume of exports by 9 per cent and that of imports by 5 per cent. As for the tariff, the two laws concerning them are being prepared. The first will deal with principles and here the major change is that tariffs will have to be humanitarian. The second will deal with the development objectives, in addition to their protective and fiscal functions. That means that developmental priorities at the moment are energy, raw materials and food. A few to be determined later — will enjoy support through tariffs as well. The second law in fact sets off the new tariffs with some 7,000 variations.

Meanwhile, as from the new year, there are no tariff exemptions. Every import will be dutiable, the minimum rate being fixed at 5 per cent. Exemptions are possible lower tariffs consolidated in the earlier GATT rounds, imports for the national defence, imports of some humanitarian organisations and some imports from the least developed countries. In some cases tariffs can be reduced but no more than 50 per cent.

Increased tariffs will be an additional burden for some projects under construction. However, one of the Government's aims was to induce local investors to buy Yugoslav machinery and equipment instead of importing it.

## Firms seek new measures

BY LANCE KEYWORTH

HELSINKI, Feb. 3.

FINLAND WILL start to phase out on February 15 the import deposit scheme introduced in March 1975. The goods to be cleared at the end of the import deposit obligation on that date are mainly industrial raw materials that have hitherto been cleared on a deposit of 5 per cent on the landed value of the goods.

The Finnish Government gave an undertaking to the IMF last year when it requested credits totalling about F.Mk.735m.

(195m.) that it would abolish the import deposit scheme by March 24, 1976. In fact, the import deposit law is valid until the end of the current year and there is a suspicion that the Government is seeking to extend the scheme in some form.

Meanwhile, another move to discharge imports has been announced by the Bank of Finland. Effective March 1, short-term import credits that longer than six months will be charged a special "over-term" fee. For the first six months of over-term, the fee will be ten per cent of the balance due on the credit, and for each of the four months thereafter five per cent of the balance.

Notice to the Holders of BENEFICIAL FINANCE INTERNATIONAL CORPORATION 10 1/2 % Notes Due Oct. 15, 1981

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BENEFICIAL FINANCE INTERNATIONAL CORPORATION By R. A. Tucker, Executive Vice President

## U.K., Turkey sign lorry transit pact

By Metin Murat

ANKARA, Feb. 3.

BRITAIN and Turkey have signed a lorry transit agreement which will enable registered TIR lorries transiting Turkey to benefit from preferential tariff system. The agreement was signed in Ankara by British and Turkish officials.

Last month Turkey introduced a new transit tariff system, incorporating higher fees for TIR vehicles. Denmark, Finland and Sweden have signed similar agreements accepting the new system and Norway, France, West Germany and Switzerland are among the countries which are expected to follow the Turkish lead to have expressed interest in following suit.

The British agreement will go into effect on February 15.

## Name change

Northern Electric is planning to change its name to Northern Telecom, in order to allow it to use one name throughout the world. In the U.S. the word "electric" has a negative connotation, and the company is already using "Telecom" in its advertising.

The decision of these three to speak out now is immediately

## N-engineers resign over 'danger'

BY JAY PALMER

NEW YORK, Feb. 3.

CALIFORNIA'S growing public movement to ban the continuing expansion of nuclear power received an unexpected boost yesterday when three senior managing engineers in General Electric's locally-based Reactor Division quit their jobs and volunteered to work with "project survival," a state anti-nuclear group.

The three engineers, who all gave up jobs paying up to \$40,000 a year with General Electric, said that they had decided to resign because "nuclear reactors... now present a serious danger to the future of all life on this planet."

Interviewed in this morning's New York Times, all three expressed their decision had been influenced by the "magnitude of the risks, both known and unknown, as well as the uncertainties of the human factor."

Human error is a very credible event, one added.

The decision of these three to speak out now is immediately

seen as giving an important impetus to a proposal that California's June 1976 ballot contain a vote on the future use of reactors in the state. In its most extreme form, this could ultimately result in existing reactors being dismantled.

At the same time, other state anti-nuclear groups who are also pushing for voters to be given a say in the future expansion of reactors, will almost certainly benefit from the publicity.

In California to-day General Electric, the engineer's former employer and the world's largest single maker of nuclear reactors, stressed that the three had resigned to fight nuclear power in their letters of resignation. They repeated the emotional argument against nuclear power and appear to have been timed to coincide with other local anti-nuclear publicity released by local groups, the company said.

## Chile lawyers released

BY OUR OWN CORRESPONDENT

SANTIAGO, Feb. 3.

TWO LAWYERS of the dissolved "Peace Committee" were freed from 75 days of imprisonment after the group's dissolution. After the dissolution of the Peace Committee, the Catholic Church created by itself a Vicariate of solidarity, to take over and expand the range of functions which the Peace Committee had.

## FCC report recommend AT and T divestiture

By Guy de Jonquieres

NEW YORK, Feb. 3.

THE FEDERAL Communications Commission (FCC) has recommended that AT and T divestiture.

The FCC staff study is not a final report. They have been asked to prepare a preliminary report to the Commission on the System's revenue requirements and relations with subsidiaries. AT and T has presented its own arguments.

The staff report is particularly scathing about the performance of Western Electric, which, mainly to AT and T, is operating subsidiaries. In states where Bell System's ducts have been exposed to market competition, it is the record of Western Electric and Bell Laboratories (design of the equipment) has found "wanting and defective."

The report proposes that Congress pass legislation requiring divestiture. AT and T repeatedly of waste excessive charges to its customers.

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Ian R. Holden, Director of Industrial Development, Kingston upon Hull City Council, 77 Lowgate, Kingston upon Hull. Tel. (0482) 223111

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## OVERSEAS NEWS

### Nigeria creates new states to ease minority problems

OUR OWN CORRESPONDENT

LAGOS, Feb. 3.

Nigeria's Head of State, General Murtala Muhammed, announced the creation of 12 new states "in order to bring the country nearer to a state of political and ethnic balance". In a dawn broadcast, General Muhammed said that the capital would be moved from Lagos, conceded a state do not on their live the problem of s, but, he said, the erise was the last and agitations for a further of Africa's largest and ulous country would be only permanent safe- talist the problem of s is for all of us to o live together, as i and treat states as or local and even deve- the Head of State said. of the 12 states created and General Yakubu n eve of the Biafran n 1967, remain intact a few minor bounda- nts. The large North and Western states are three new states each

### Nigeria shows faith in peace bid

ALGIERS, Feb. 3.

Indicated to-day it is hope for Arab to end its dispute with over the Western ut welcomed a United nove to find a settle- same time, Algeria i its contacts with hose Premier Abdel- loud, ended a second talks with Algerian uly to-day. said to have put its s at Algeria's disposa- nt of new fighting. t officials said Morocco r to place its dispute- ria before the Arab the Organisation of nity or the United Morocco was also will- operate with Algeria, le by building a rail- provide access to an port for iron ore at Tindouf in South- ria. n vice-president Horn conferred with King in Feb last night for time since last week's the Moroccan-Algerian mgala. Reuter

### Another state in turmoil as India acts to delay poll

BY K. K. SHARMA

NEW DELHI, Feb. 3.

A BILL seeking to extend the life of the present Lok Sabha (Lower House of Parliament) by a year was introduced in the House to-day and is expected to be passed by both Houses this week. The general election, which had been due in March, will also be postponed by a year. This period is expected to be used for studying changes, thought necessary in the constitution and for stabilising the economy, now showing signs of strength after three years of stagnation. Meanwhile, the Government to-day announced the appoint- ment of Mr. Justice R. S. Sarkaria, a sitting judge of the Supreme Court, as a one-man commission of inquiry into charges of corruption and misuse of power against the Dravida Munnetra Kazhagam, ministry in Tamil Nadu State which was dismissed over the week-end fol- lowing imposition of Direct Rule from New Delhi. The action was taken over a report on the alleged corruption from the

### Zaire bans transit of mercenaries

KINSHASA, Feb. 3.

PRESIDENT Mobutu Sese Seko has banned the use of Zaire ter- ritory for the transit of mer- cenaries bound for the Angola civil war, the Zaire news agency Azap said to-day. Mercenaries recruited to fight alongside the two Western-backed liberation movements against the Communist supported Popular Movement for the Liberation of Angola (MPLA) have flown from Europe to Angola via Kinshasa. Azap said President Mobutu made his announcement to Dr. Jonas Savimbi, leader of one of the western-backed organisations, the National Union for the Total Independence of Angola (Unita), this morning. He would also inform Mr. Holden Roberto, leader of the other anti-MPLA group, the National Front for the Liberation of Angola (FNLA), of his decision this afternoon, the agency said. The agency quoted sources close to the President as saying that the decision was in line with Zaire's policy of neutrality. While denouncing the presence of what it called "Soviet-Cuban" mercenaries fighting for the MPLA, Zaire cannot authorise at the same time other mercenaries, whatever their nationality, to transit via Zaire, Azap added. It said the decision was taken following foreign Press reports that 30 British mercenaries had passed through Kinshasa last week on their way to Angola. Reuter

### Iran blames oil companies for budget deficit

TEHRAN, Feb. 3.

MR. AMIR Abbas Hoveida, the Iranian Prime Minister, to-day presented to Parliament the cur- rent budget, which allows for a \$2.4bn. deficit, the first for six years, and charged the Western oil companies with defaulting on their commitments to the Govern- ment. Presenting this year's \$45bn. budget, of which 27.3 per cent goes for defence, Mr. Hoveida blamed the consortium of Western oil companies for a shorter oil revenue by almost \$3bn. At a separate news conference Mr. Abdelmajid Majidi, Minister of State for Planning and Budget, warned the Western oil com- panies that Iran would take care of its oil marketing if negotia- tions between the Government and consortium failed to reach a solution to increase the oil of- take to the promised figure of 4.5m. barrels a day. Mr. Hoveida told Deputies that the consortium had breached its agreement with Iran in a "dis- graceful" manner. He revealed that in the last quarter of 1975 the amount of oil lifted by the com- panies fell short of the 4.5m. b/d agreed by an average of 1.17m. b/d. Moreover, he charged them with baulking on their commit- ment to provide 40 per cent development and exploration expenditure. Neither Mr. Hoveida nor Mr. Majidi disclosed how Iran would tackle the direct marketing of about 4.9m. b/d of crude scheduled for 1976. AP-BJ

### Rabin facing political storm

BY L. DANIEL

TEL AVIV, Feb. 3.

ONE OF the first things facing Prime Minister Yitzhak Rabin upon his return from the U.S. at the end of this week will be a motion of no confidence by the Likud, opposition and what are likely to be very serious, if not decisive, divisions inside his own Labour Party. The reason for both is the statement in Washing- ton by a "high official" widely believed to have been Mr. Rabin himself, that the list of arms procurements submitted to Wash- ington had been badly prepared, contained too much gadgetry and thus reflected no credit upon the Israeli Government. This represents a clear swipe at Defence Minister Shimon Peres—a swipe which could not have been more ill-timed and harmful to the cause which Rabin was pleading in Washington. That it should have been made by Rabin himself seems even more incredible since these lists are subject to the scrutiny of the Premier (as well as the Defence Minister and the Chief of Staff) before submission. Thus it would have been a direct reflection on Mr. Rabin's own judgment who, as former Chief of Staff, cannot plead ig- norance on matters military. Nevertheless the reports that it was Rabin who said it persists, though Mr. Philip Binn, a Maariv correspondent who claims to have been present at the meeting when the remark was made, to- day expressed the opinion that it had been made partly in the form of self-criticism. Some reports claim that Mr. Rabin made the statement after half a dozen lunches, cocktails, dinners and other meetings when he was in a state of complete ex- haustion. If his tongue was loosened then it might reflect the rivalry between him and Defence Minister Shimon Peres, who was a very close runner-up to Mr. Rabin in the Labour Party's central committee's choice for premier. This does not mean, however, that Mr. Rabin could, at this juncture be replaced by Mr. Peres. The Labour Party is still fully conscious of the three factions, making up the party, and Mr. Peres belongs to the Rafi section originally led by Mr. Moshe Dayan. The former Mapai and Abdu- Aha'avoda sections of the Labour Party would not want to see Mr. Rabin replaced by Mr. Peres for fear that the latter might bring Mr. Dayan back into the Govern- ment. If there should be a "palace revolution" then some- body not obviously involved, such as former Foreign Minister Abba Eban would stand a far greater chance. The Labour Party will try to hold a closed discussion on the whole affair before the non-con- fidence motion is raised in the Knesset next week. It will no doubt form also one of the major subjects of discussion at next Sunday's Cabinet meeting.

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### Pertamina chief departs

BY OUR OWN CORRESPONDENT JAKARTA, Feb. 3.

THE GRADUAL removal of Li- Gen. Ibnu Sutomo from the In- donesian state oil corporation Pertamina has moved a step fur- ther with the chief executive's departure for apparently lengthy leave abroad. His "proxy" will be Pertamina's Director for General Affairs, Mr. Wiyarso, a senior official who was brought into the senior management of Pertamina last year dur- ing a major reshuffle. A Pertamina spokesman said that the delegation of authority to Mr. Wiyarso was "normal pro- cedure". But he refused to say how long General Ibnu would be away, only that he would go to the United States. Mr. Wiyarso, a civil servant

### Fraser cuts expenditure

BY KENNETH RANDALL

CANBERRA, Feb. 3.

AUSTRALIAN consulates in Bombay, Calcutta, Los Angeles, Hamburg and probably Honolulu will be closed under the latest series of economy measures an- nounced to-day by the Prime Minister, Mr. Malcolm Fraser. Staff at Australia's two biggest diplomatic posts, London and Washington, will also be pruned and representation allowances in the foreign service generally will be cut. Total savings in the Foreign Affairs Department for this financial year are estimated at \$A24m., Mr. Fraser said. His latest economy package overall would save \$A360m. to the end of June and proportion- ately more next financial year. The Prime Minister admitted, however, that he would have liked to find more savings con- sidering the expected budget deficit of more than \$A4bn. Stringent economies in Govern- ment were one of Mr. Fraser's key election campaign promises last month. In the latest cuts, \$A8m. has been pruned from the funds of the Children's Com- mission, \$A10m. from hospital con- struction, and \$A3m. from the overseas buying budget of the National Gallery.

### Sadat warns on Beirut

CAIRO, Feb. 3.

LEBANON faces the prospect of more all-out fighting despite the latest ceasefire there, Egyptian President Anwar Sadat was quoted as saying here to-day. In an interview with the Lebanese weekly magazine Al-Hawadess published by the Cairo newspaper Al-Ahram, the Egyptian leader said his country was prepared "to support even the devil himself" to end the blood-letting in Lebanon. But he added: "I said four months ago that the Arabs would face a tragedy in Lebanon which could even be more tragic than the establish-

The Lebanese economy after the crisis, Page 14

ment of the state of Israel... Now I say that the tragedy in Lebanon is only just begin- ning." Mr. Sadat said he supported the Syrian initiative which helped bring about the current ceasefire in Lebanon. But he said he was also aware "of the tactics to transfer the Lebanese crisis into a conflict between the Christians and the Muslims." L. Daniel adds: The Israel-Lebanese border is quiet at present. The Lebanese army has returned to its position in the area though not in full strength as yet, Israeli Defence Minister Shimon Peres said this afternoon. He estimated that two out of the three Lebanese army battalions which had vacated Southern Lebanon during the civil war had now returned to their positions. He also said that to the best of his knowledge one out of the four Palestinian battalions which had crossed from Syria into Lebanon had been returned to Syria.

### India oil plan

In a bid to boost crude oil production the Indian government has decided to step up invest- ment in oil exploration in the financial year 1976-77 by more than 30 per cent—from Rs.2,990m. in the current year to Rs.3,550m., writes K. K. Sharma.

### Algerian denial

Algeria has denied news reports that the Soviet Union is airlifting arms into the country, reports Reuter. The official Algerian news agency said that Soviet transports landing in Algiers were making technical stops and that their cargoes were for other countries. Their destina- tion is believed to be Angola.

# "We'd like to think that more people fly TWA across the Atlantic because we're terrific."

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Bill Slattery, vice president of schedules, believes As 187 departures every week from Europe, Africa and the Middle East to a total of 35 cities in America have more bearing on the subject.

Harriet Korn, director of in-flight, puts up an interesting case for the choice of 2 films and 8 tracks of national audio on every Trans World Service flight.

Dieter Buehler, head of dining, says that the choice meals in Economy and 5 in First Class is a much a satisfying reason.

Jules Rondepierre, interior designer, suggests that As wide, body-contoured seats in 747's are more a point.

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## TWA. No. 1 across the Atlantic.

## EUROPEAN NEWS



Mr and Mrs Flynn at yesterday's Press conference.

## Soviet scientist's ordeal

PARIS, Feb. 3.

SOVIET DISSIDENT mathematician Leonid Plyushch, still visibly weak from two and a half years in a Soviet mental hospital, today drew a harrowing picture of life for political detainees in the Soviet Union. The 37-year-old Ukrainian described scenes in mental hospitals where "political patients" bullied by common criminals serving as male nurses, tied with lunatics for cigarette stubs lying among used toilet paper.

At a Press conference—his first public appearance since he reached the West a month ago—Plyushch accused Soviet doctors of aiding police in their interrogations, brutalising prisoners and ordering injections which induced insufferable pain.

Plyushch made clear he was still a committed Communist. He said it was the Soviet regime which was "sick" and a shameful trait on the bright ideals of socialism.

Jammed into a big hall to hear Plyushch, were numerous French Left-wing and human rights activists, including actor Yves Montand and American singer Jean Baez.

The Press conference which lasted close to three hours, was the first direct contact between Plyushch and the Western Press since his release from a Ukraine mental hospital early last month. Accompanied by his wife, he said his memory and physical reactions had not returned to normal since leaving the Soviet Union.

"The horror of the 'psikhushki' (the mad house) gripped me from the start. On the beds, patients were writhing from the drug haloperidol. One man's tongue was rolling out, another was rolling his eyes. A third walked around unnaturally bent over. Some lay and groaned with pain. They had been given injections of sulphur, they were being punished for bad behaviour," he said.

His own treatment by injections had made him drowsy and apathetic. Prisoners were taken to the toilet at set times and beaten if they asked to go out of hours. "Here people search for cigarette stubs among the used toilet paper. Some of the patients also eat their excrement," Reuter.

## Dutch Cabinet debate continues

BY MICHAEL VAN OS

AMSTERDAM, Feb. 3.

THE DUTCH CABINET again spent much of today discussing the revision of the law governing works councils, the principal component of industrial democracy. Further talks were being held last night.

Sources in The Hague said today that despite party differences on the issue, Socialist and Christian Democratic and Ministers seemed eager that the

Coalition should survive. One compromise being suggested was for companies to have both a staff council, in which management was not included, and a joint consultative body whose role would be defined by legislation.

However, there was no narrowing today in the differences between the Roman Catholic and KVP party, the Socialists and trade unions.

## BAC chairman wants France to help build the MRCA

BY RUPERT CORNWELL

MR. ALLEN GREENWOOD, chairman of the British Aircraft Corporation, has implicitly invited France to join the Multi Role Combat Aircraft (MRCA) project, under development by his company, with West Germany and Italy.

In a speech to a special aerospace congress here organised by the Western European Union, he argued forcefully for a coordinated policy by European Governments on arms procurement, which would help produce competitive aircraft without costly duplication.

He was also voicing the general view of chairmen and senior executives representing

almost the entire European aerospace establishment present here: that Europe's fighter manufacturers should never again be in the same disarray that let the U.S. capture the four-nation Nato deal last summer with the F-16.

The remarks of Mr. Greenwood also reflect the belief that Panavia, the consortium building the MRCA, could form the nucleus of a military aerospace industry in Europe the same way that the Airbus group is seen increasingly as the pivot of a remodelled European civil sector.

The theory is expounded here is that France might buy the

MRCA to fill part of the gap left by November's cancellation of the Advanced ACF project. In the longer term, France might join in work on the next generation of aircraft.

"The MRCA is the most efficient joint venture established in Europe," Mr. Greenwood said. "The scrapping of the ACF offers a great opportunity to co-ordinate programmes which have been out of phase. This should be seized eagerly."

The great unknown centres on the Dassault Group. Despite Paris's choice of the Mirage 2000 to fill part of the function of the British industry in particular is extremely concerned

## Italy fuel supply cuts warning

By Anthony Robinson

ROME, Feb. 3. THE ITALIAN oil association Unione Petroli today warned the Government that it would be forced to restrict oil purchases from abroad in the immediate stages of the industry for higher prices and the effect of devaluation. The price of the industry alone was 13.5bn. daily, of which was directly due to the devaluation of the lira, the Petroli said today.

The prospect of a shortage of oil products, which is on the domestic market, first clear indication of inflationary effect on the domestic economy.

Meanwhile, the lira's progressive decline in value, trading to close at 1785 to the dollar, compared with opening rates around 1700 and yesterday closing 1720.

## West German deficit tops DM2bn. in 1975

BY ADRIAN DICKS

WEST GERMANY today published final balance of payments figures for 1975, showing a deficit of DM2.2bn. in November, the DM1.5bn. deficit registered in 1974.

At the same time, the Bundesbank put out monthly figures for December that showed a widening of the deficit on a month-to-month basis from DM800m. in November to DM1bn. in December 1975. The figure was DM372m.

The main changes in 1975 as a whole were, as had been widely expected, a severe reduction in

the surplus on the trade account, and an increased structure in the capital account.

The trade account surplus fell from its 1974 total of DM30.5bn. to DM37.1bn. The result causes no surprise, yet underlines once again the severe fall in export sales which German companies experienced last year. The current account surplus fell even more sharply, from the 1974 level of DM24.5bn. to DM9.4bn. last year.

On the capital side, there was

a strong rise in long-term outflows to DM16.5bn. from DM6.2bn. in 1974, but short term movements were round from a DM19bn. deficit in 1974 to a DM5.2bn. surplus in 1975.

The Bundesbank also announced that foreign currency holdings rose in value by DM3.2bn., largely as a result of the dollar's greater strength in 1975. The German Central Bank's gold holdings remained unchanged on the books at DM14bn.

## Danish oil rig moves to German sector

BY HILARY BARNES

COPENHAGEN, Feb. 3.

THE DANISH underground oil and gas consortium has decided to halt exploration in the Danish sector of the North Sea for the time being and move its drilling rig, the German sector, according to A. P. Moeller.

An official report published in December concluded that the company could not retain the concession on the grounds that it has not exploited the gas finds it has made. Mr. Moeller, Minister of Commerce, is currently trying to negotiate a solution to the dispute with the company. If he fails, the matter will have to go to arbitration.

APM warned earlier that if its concession was not renewed, it would have to consider halting exploration.

APM's concession in the German sector is in a small area

which was formerly part of the Danish sector, but was given to Germany following a dispute over the drawing of the boundary.

THE DECISION coincides with the dispute between A. P. Moeller (APM) and the Government over the company's continued right to retain the concession for the concession on the grounds that it has not exploited the gas finds it has made. Mr. Moeller, Minister of Commerce, is currently trying to negotiate a solution to the dispute with the company. If he fails, the matter will have to go to arbitration.

APM warned earlier that if its concession was not renewed, it would have to consider halting exploration.

APM's concession in the German sector is in a small area

## U.K. gets £3 from EEC Regional Fund

Industrial projects in the and economic infrastructure improvements in the U.K. are the tune of £3m. in the allocation from the Regional Development Fund. The aid is for 63 schemes, a total investment of 169,52m. Units of 100,000 (£100,000), writes Robin in Brussels.

Out of the total EEC aid to the U.K. of some £21.6m. goes towards a variety of industrial projects in Northern Ireland, and a 20% grant for housing and other projects in Scotland.

## Greek payments

Restriction of imports considerably better than combined to reduce balance of payments deficit almost 12 per cent in 1975, writes our correspondent. Imports increased by only 52 per cent to \$4.87bn. Exports rose 10 per cent to \$1.85bn.

The trade deficit of \$3.02bn. was largely covered by receipts which were up 10 per cent to \$2.44bn.

Exchange earnings from tourism totalled \$1.2bn. (an increase of 22 per cent over 1974). Remittances of 600m. (up 11.7 per cent) were also a factor in the improvement. Recession had its effects on shipping, from which was down 10 per cent to \$75m.

## Lisbon Communists

Portugal's Communists held out an olive branch to Socialist rivals and called for a coalition government of the two parties, which in them won 50 per cent. votes in last year's election. The propaganda and liaison department of the Party stressed in a statement need for unity and co-operation undisturbed by Socialist party's Right wings.

## Procedure hitch on Cyprus talks

BY METIN MUNIR

THERE is a serious possibility that the scheduled resumption of the Cyprus peace talks in Vienna on February 17 may fall through because of differences of opinion on venue and procedure between the Turkish and Greek communities of the island, well informed sources said here today.

The peace talks collapsed last September after four fruitless sessions in which no progress towards reaching a political settlement was made. Last December the Foreign Ministers of Turkey and Greece agreed that the talks be reactivated under the auspices of the United Nations with an open agenda to take up all aspects of the Cyprus question—that is territorial and population problems.

Our Nicosia correspondent writes: The Greek Cypriot community today directed its policy to proceed with the resumption of

able obstacles ahead, which, according to the sources, may impede the resumption.

Greek Cypriots want to go to Vienna for a session which continues until some tangible results are attained, they say.

Turkish Cypriot leader Rauf Denktaş has other ideas. Mr. Denktaş, the sources say, wants Vienna to serve as a ceremonial seat from where he and Greek Cypriot negotiators, Glafos Clerides and Nicosia for talks in earnest. He has suggested the formation of two committees, one to tackle the constitutional issues and the other territorial and population problems.

Our Nicosia correspondent writes: The Greek Cypriot community today directed its policy to proceed with the resumption of

ANKARA, Feb. 3.

Nicos Sampson, the former Eoka gunman who was installed as President of Cyprus for eight days after the army-led coup forced President Makarios to flee the island in July, 1974.

## French protest to Somalia after kidnap of 21 children

BY ROBERT MAUTHNER

PARIS, Feb. 3.

THE GROWING conflict over Djibouti, the French overseas territory situated strategically between Ethiopia and Somalia near the entrance to the Red Sea, was highlighted today by the kidnapping by separatists of a bus carrying 21 children of French military families.

The kidnapers, belonging to an extremist group with close links with Somalia—the Front for the Liberation of the Somali Coast (FLCS)—receded to the frontier post of Loda, some eight miles south of Djibouti, and parked the bus in the no-man's land just beyond the border.

The French Government reacted quickly and sharply. M. Jean Sauvagnargues, the Foreign Minister, immediately called in the Somali Ambassador in Paris

to inform him of the grave view which France took of the situation. All the more so since the headquarters of the FLCS is in Mogadishu, the capital of Somalia.

Contact was rapidly established by a representative of the "High Commissioner in Djibouti" with the kidnapers, but the negotiations for the liberation of the children promise to be extremely arduous. The Liberation Front has made a number of unacceptable political demands which include not only the total and unconditional independence of Djibouti, but also the cancellation of the planned referendum on independence in the territory and the release of all political prisoners.

The incident has placed the French Government, which has

already accepted independence in principle, in an extremely delicate situation. Negotiations for the independence of the Territory of the Afars and Issas, which is Djibouti's official name, have been under way for the past months but they are being held with the moderate President of the local Assembly, Mr. Ali Arif Bourhan, who wants to retain close military and economic links with France.

A major problem is that Mr. Ali Arif is no longer completely in control of the situation, which is complicated by the fact that the territory's population is made up of two rival tribes, the 82,000-strong Afars and 82,000 Issas. An Afar himself, Mr. Arif has seen his authority increasingly challenged by the Issas.

French Government, which has

## SOVIET INDUSTRIAL REFORM

## The bureaucrats dig in

BY PHILIP HANSON

THE NEW Soviet Five Year Plan requires the reform of Soviet industry begun in 1973, to be completed by 1980. Few topics divide the Soviet establishment more than the industrial reform. The slow progress made so far shows that. What are the prospects, and what will it achieve?

The Soviet leadership has been worried for at least a decade by a lack of technological dynamism and modest growth rates compared with the period up to the late 1950s. Agricultural failures have played a part, but the industrial sector, too, is a source of disquiet. This is far from obvious from the official statistics, which show Soviet industrial output rising by more than 7 per cent a year in the first half of the 1970s. However, quality problems and technological lags behind the West in a number of science-based industries are almost certainly the main reasons for reform.

These were problems that Mr. Kosygin's decentralisation of 1965 set out to solve. It was implemented in part only and yielded only a smaller result. The gist of the 1973 decrees was that most of Soviet industry would be regrouped into "associations." Much of the detail and routine of planning would be passed down from ministry to self-financing "industrial associations." Lower down the hierarchy many enterprises would be grouped into "production associations," designed to be the basic management unit in industry.

What the Soviets have published about the discussion of these measures stresses four main aims. The first is to take some of the burden of detailed planning and administration from the industrial ministries and enable them to plan more efficiently for a smaller number of industrial or production associations. The second aim is to further technological innovation by bringing together R and D and production units. The third is to obtain economies of scale. The most fundamental purpose of the reform is to make Soviet industry more businesslike. At present some 33 industrial ministries set detailed targets for and supervise over 48,000 enterprises. The task is not quite as Herculean as it sounds since Moscow delegates some planning to mini-

tries in individual republics in the case of industries with many small enterprises. Still, it entails much petty interference by officials who do not suffer financially for their mistakes. Under the 1973 decrees some ministry officials and functions are to be transferred from the budget-financed civil service to self-financing units, with payment by results. It is to be done either by transforming the divisions of ministries dealing with industrial sub-branches (the glavki) into industrial associations, or by simply abolishing

cial and enterprise managers who do not expect to be managing production associations once they are formed. There is another possible but unmentioned source of opposition—the people who run the 15 Union Republics, because the reforms aim to abolish certain Republic level administrative units. The reform may also provoke some opposition on nationalist grounds, but this is far from certain.

Ministry officials have been cast as the leading villains. They do not want to surrender detailed

managers appears to be a management institution. The State Committee for Science and Technology, with ministry officials and enterprise managers trying to block reorganisation. On the one hand some enterprises stand to gain from the reform if only through a loosening of petty control by ministries.

So far, the results of the floating interests is that mention has in some been genuine, but in some phoney or postponed. The product associations formed so far are smaller than they were meant to be, and around four enterprises incorporating only about seven Soviet relations. These are early 1975 figures should have risen appreciably by the end of last year.

More than half the enterprises that had entered production associations by mid-1974 surrendered their legal powers, though they have done so. Many production associations are for routine production and prototype testing. At previous reforms, the position was a little different. Legislation redistributing powers and authority was revoked.

But the Western neo-Stalinist Party bosses all use the reform as a threat to the Party's control, is misleading. Reforms are ruled out for reason, others are pushed through for the present case.

Officials are promoting a reorganisation against the government or the Party. The top leadership knows perfectly well that a tight control has bred apathy, shrinking at middle management levels and below, and bad for efficiency and change. When they say something about it, they mean strong resistance precisely those officials powers they want to reduce more widely.

Dr. Hanson is Senior Lecturer in the Centre for Russian and East European Studies, City of Birmingham.

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Jelil no 156

## HOME NEWS

## Armstrong to expand Spanish factory

KENNETH GOODING, INDUSTRIAL CORRESPONDENT

STRONG EQUIPMENT is of the Spanish Government policy on imports. At the same time, the 14 per cent export incentive provided by the Spanish made Spain a very competitive supplier to the West German market.

## Royalties

Armstrong engineers worked closely with Ford on the development of the Fiesta's suspension unit and, while Ford will continue to be supplied from two sources in Spain, the other supplier, ITT, will make suspension units of Armstrong's design under licence. The U.K. group will draw royalties from this arrangement.

Now the U.K. Armstrong has paid £240,000 cash for another 47 per cent of the Spanish concern to take its stake to 90 per cent. The capital will be further increased by Armstrong injecting another £700,000 which will be used to expand the Gijon plant in Northern Spain.

Once that arrangement has been completed, U.K. Armstrong will own 96 per cent of the Spanish subsidiary. The cash for the deal, which has Bank of England approval, will be borrowed in dollars from an American bank.

## SKF to prune 625 jobs

KENNETH GOODING

625 jobs will go in a big down operation by SKF the Swedish-owned, biggest bearings manufacturer in Britain.

after

## Engineers told to speak out

DAVID FISHLOCK, SCIENCE EDITOR

SSIONAL engineers speak out loudly on these issues in which the expert, a former chief adviser to the Government last night.

for casualties were those and workmen who have a lifetime's skills tied to a commercially project.

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## Dough for export

BY LORNE BARLING

PILLSBURY, the American-owned manufacturer of refrigerated dough products, is to withdraw completely from the U.K. market to concentrate the production of its Yorkshire factory on exports.

The decision, which was made in spite of recent plans to relaunch its entire range of products, was based on the assumption that for economic reasons there will be no increase in U.K. demand for at least two years.

Mr. Denis Earl, the company's sales and marketing director, said yesterday: "We are selling well in France and Germany and because we can see no substantial growth in the U.K., we have decided to direct our promotional resources there."

He added that Pillsbury intended to re-enter the U.K. market when demand improved. The possibility of re-establishing a small regional market had been rejected as unworkable, and some promotional loss was accepted as inevitable.

## HALDANE MEMORIAL LECTURE

## 'Left denied serious newspaper coverage'

BY MICHAEL THOMPSON-NOEL

THE POLITICS and standpoint of the Left were denied serious newspaper coverage in Britain, Sir Denis Hamilton, chairman and Editor-in-Chief of Times Newspapers, said in London last night.

In political terms, the ideas of the Tribune Group did not receive the sympathetic treatment which the ideas of the Monday Club did, said Sir Denis.

The gap was not fully compensated for by the readiness with which some newspapers published occasional signed articles by representatives of the Left.

For newspaper readers the deprivation was not as severe as it seemed. Newspapers were bought and read as much for cricket scores, film reviews or job advertisements as for political content.

He added that Pillsbury intended to re-enter the U.K. market when demand improved. The possibility of re-establishing a small regional market had been rejected as unworkable, and some promotional loss was accepted as inevitable.

new technology could reduce most interesting moves in the direction of co-ownership since the war had been in Paris and Glasgow, at Le Monde and the Scottish Daily News.

The situation at Le Monde was not particularly radical. The system had been carefully constructed to deny total power to any one element in order that none should be able to pull the paper in an unfamiliar direction.

At the Scottish Daily News, which began as a workers' co-operative last May there was policy-making participation by all the work force, "but there was hardly time to discover how this participation would work in practice before the paper ran up against an endemic difficulty: limited cash reserves."

There was also a philosophical difficulty: "Some of the language used in the Glasgow experiment showed that it is peculiarly easy for newspaper workers who are also co-owners to forget the public dimension to a newspaper's life, and to look on the paper simply as a bread-and-butter commodity."

A fourth option, regularly canvassed, involved State ownership by the workers. The two

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## Norton factory saved

THE THREATENED Norton cycle and industrial engines, Villiers motor-cycle factory in Wolverhampton has been saved. The consortium headed by Mr. Ronald Titcombe, an Australian oilman, and including Lord Hesketts has raised the £2m. needed to buy the Marston Road factory.

A contract is being drawn up by the liquidator, Mr. Kenneth Morgan, and this will go to Mr. Titcombe's lawyers. Legal formalities need to be completed before production restarts and this is not expected until March at the earliest.

The 500 workers who have been occupying the plant will be told today, but they will also be told: "There will not be jobs for all of you."

Those taken on will make a modified Norton Commando machinery

## Objectors disrupt Aire Valley road plan inquiry again

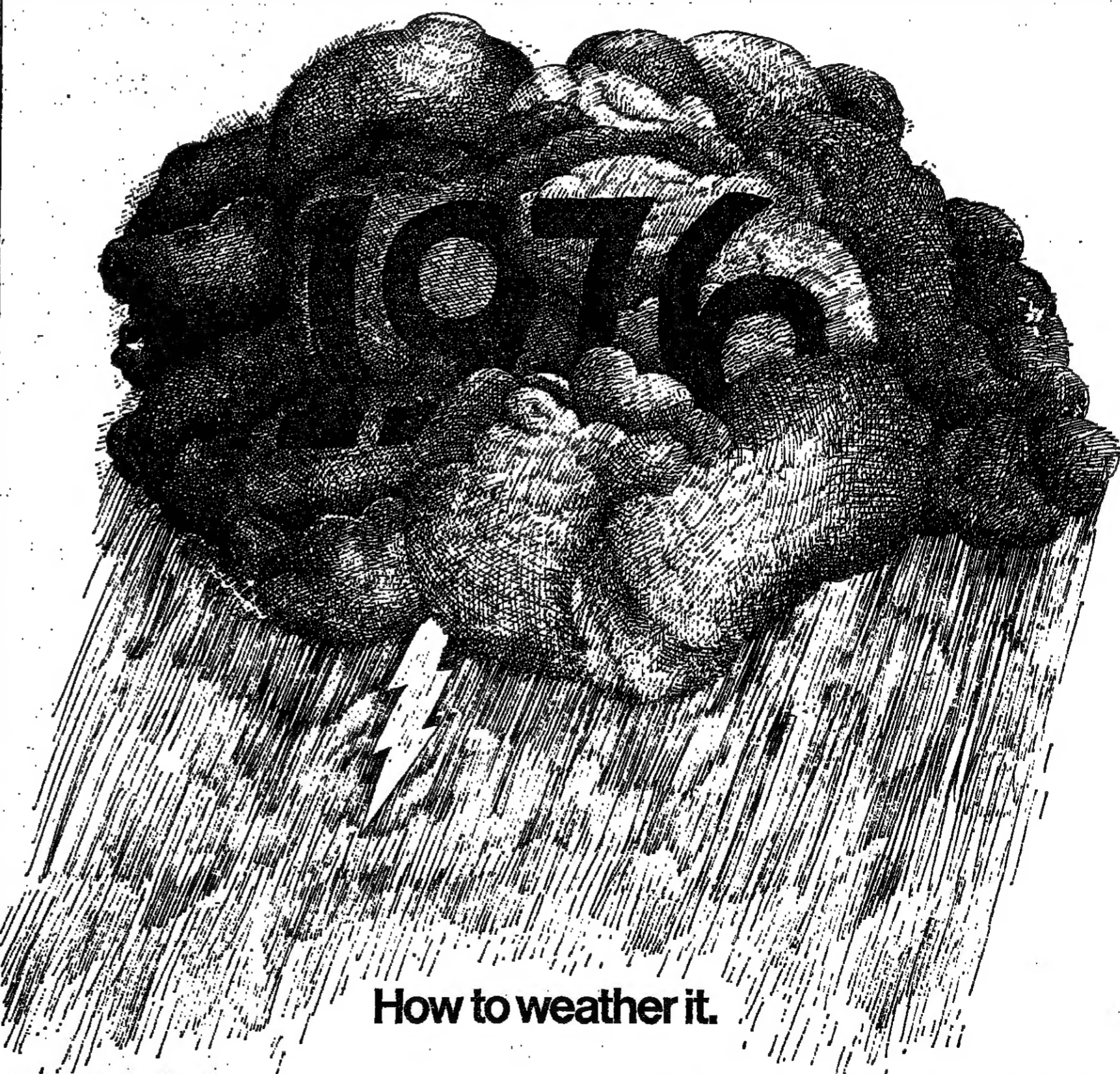
BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE INQUIRY into controversial plans to route an 11-mile stretch of road through the Aire Valley in West Yorkshire was again disrupted yesterday by objectors to the proposals.

The hearing, which was adjourned in November after noisy protests and several arrests, has become the centre of attention for environmental and amenity groups throughout the country who have been challenging the legality of such inquiries as well as the specific arguments involved.

day's meeting, opened by Mr. Ernest Ridge, the inquiry inspector, were drowned by chanting, stamping and clapping.

Mr. John Tyne, a lecturer in environmental studies at Sheffield Polytechnic, who has appeared at other similar inquiries, said that he represented over 200 objectors to the Aire Valley proposals and called for an adjournment of the proceedings pending a review of procedure announced by Mr. Bradford, said that he intended to have questions asked in Commons about the way in which the inquiry was being conducted.



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\*An executive arm of the Manpower Services Commission.

## HOME NEWS

## Off-peak flights from Gatwick to be cheaper

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PASSENGERS BETWEEN London and Glasgow, Edinburgh and Belfast after February 9 will be able to get a cheaper flight by using Gatwick in the off-peak periods—£21 single fare, against the £23 single that will apply in the peaks at Gatwick and at all times from Heathrow.

A decision in favour of this "Gatwick differential" has been taken by Mr. Peter Shore, Secretary for Trade, who has dismissed an appeal against it by British Airways.

The aim of the cheaper Gatwick fare is to encourage more passengers to use British Caledonia's services to Glasgow and Edinburgh from Gatwick in the off-peak periods, and those offered by British Midland between Gatwick and Belfast.

The decision was bitterly attacked yesterday by British Airways, whose no-reservations shuttle service between Heathrow and Glasgow carried nearly 600,000 passengers last year.

British Airways said that the principle of giving a cash discount to passengers using one airport in preference to another was unfair. It would do "grave damage to the already difficult economics of its own domestic network."

It would cause a drain of £3m. in revenues in a full year. "In our view it is a wrong decision that can only harm British Airways and is not in the long-term interests of the travelling public."

The off-peak periods in which the cheaper £21 single rate will apply from Gatwick will include the hours 0830-1830 on weekdays to both Glasgow and Edinburgh, and the hours between 1830 and 0900 on the Glasgow run and between 2030 and 0900 on the Edinburgh run.

At the weekends, there is already a Gatwick winter Instant Purchase Excursion rate of £25 return anyway, while in

## Big order for Swan Hunter

By Our South Shields Correspondent

SWAN HUNTER Shipbuilders has won a big conversion contract which will keep 200 men busy for the next six months.

The 1,800-ton former West German factory trawler Tiko 1 has arrived at Wallsend Dry Dock to be turned into a diving support ship for Seaforth Maritime of Aberdeen. It will be renamed Seaforth Cape.

Swan Hunter would not comment yesterday, because the contract has still to be formally signed. But Seaforth Maritime said the job had been won on a competitive time-and-price tender.

The Seaforth Cape will be used for deep saturation diving in the North Sea offside. A diving bell lowered through the bottom of the hull will be able to operate to a depth of 1,000 feet.

The conversion will help fill the work gap at Wallsend Dry Dock after the expected refit of the frigate Scarborough for Pakistan did not go ahead at the end of last year.

Swan Hunter has not yet classed the Scarborough contract as officially dead because it is still hoping for a late change of heart by the Pakistanis.

But for the moment, the frigate—which arrived at the yard in the middle of November—has been taken out of the work programme.

Meanwhile, the new Type 42 guided-missile destroyer Cardiff is now under tow from Vickers, Barrow, to the Tyne, where work will be finished by Swan Hunter at Highburn Shipyard. She is expected to leave the end of the week.

The Cardiff was launched last spring and Vickers has transferred the contract to Swan Hunter for completion because of labour shortages. It will mean two to three years' work for several hundred men.

## Accounts that baffle even accountants...

BY OUR CARDIFF CORRESPONDENT

ACCOUNTS OF some local authorities are produced in such a way that even chartered accountants cannot understand them, it was claimed yesterday.

With such systems, there would be little hope of councillors having any control or understanding of the expenditure they approved, Mr. Z. Brierley, chairman of the Welsh region of the CBI, said in Cardiff.

Presenting the results of a survey of local authority spending, Mr. Brierley said "many of the excesses of local authorities may be because councillors don't understand the accounts."

"Some council officials are attempting to justify their existence by blinding people with science and a mass of meaningless reports."

In a submission to Mr. John Morris, Secretary of State for Wales, the CBI said advantages should be taken of the expertise available in industry by co-opting industrialists to specialised committees such as finance.

Mr. Brierley attacked the "secretive attitude" of councils which had refused to co-operate in the survey.

Fifteen authorities in South Wales were asked to provide details of their estimated expenditure for 1974/75, and the breakdown of the number of their employees.

Two district councils refused and seven authorities, including two county councils, never provided information at all.

"We were shocked at the lack of co-operation. The information we asked for should have been readily available."

Mr. Brierley accused council officials of "empire building" and the survey claimed that the output of council employees direct labour was in some cases only 40 per cent as efficient as private contractors.

Salaries in many cases were far higher than in equivalent private industry, and councils were contributing to inflation by increasing expenditure at a higher rate than increases in income, the report warned.

"Industry is constantly being slammed for not investing; thus it is continually being milked by Government and local authorities," Mr. Brierley added.

## Nationalist support test in Scottish council polls

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

TWO REGIONAL council by-elections yesterday were being taken as a test of the resilience of Scottish Nationalist support, which in recent elections and opinion polls has surged forward dramatically.

The elections are for seats on Strathclyde Regional Council, with the SNP defending a 47 majority over Labour in the Calderwood-St. Leonard's division.

East Kilbride is also a particularly sensitive constituency for Labour. It is Mr. Maurice Miller, has seen his majority reduced from 7,998 over the Conservatives in February, 1974, to 7,004 over the SNP in October, 1974.

Recent local government by-election results bear out the swing to the Nationalists. Since the founding elections for the regions in May, 1974, there have been seven by-elections—in Aberdeen, Grangemouth, Glasgow, Edinburgh, the Borders, Berwick and Bishopcleeve. Of these the SNP has won four, laterally on some quite remarkable swings, and has increased its vote everywhere except in the Borders.

The East Kilbride result will be a highly significant one for Labour, which is fighting hard to counteract severe criticism from inside and outside the party about its recent proposals for Scottish Assembly.

Faced with Nationalist attacks on its "timid" devolution proposals, and with the defection of two MPs and a number of activists to the breakaway Scottish Labour Party launched last month, Labour's managers have been seriously split about tactics for East Kilbride.

The Government and many MPs have been anxious for some time to demonstrate that the Nationalists are not a threat to the ground. They have chosen East Kilbride for a show of strength. In the past three weeks the local government election there has been elevated almost to Parliamentary importance as three Ministers of State and four Under-Secretaries, plus a succession of MPs, have paraded for the Labour candidate.

Some Labour managers admit privately that they regard this as a serious error of judgment. Although intervention of a Conservative candidate could upset the Nationalist there is anxiety that in the present climate Labour has little hope of winning back a seat already fairly comfortably held by the SNP.

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## £170,000 boost for wool

By Our Bradford Correspondent

A £170,000 promotion campaign to help improve the demand for wool in this country was announced yesterday. The campaign, launched by the British Wool Confederation, was described as an important step for the industry.

The majority of the industry's top-ranking companies are in the scheme, and will finance it by paying a levy on each kilo of top combed. It will be administered and run by the International Wool Secretariat, and it is hoped that leading retailers might give some financial support in joint promotion schemes.

There will be an autumn advertising campaign featuring the woolmark, and it will concentrate on British-made-to-measure suits, botany knitwear and hand-knitting wool.

Mr. Peter Lees, chairman of the confederation, said at Bradford that, after the conference of the International Wool Textile Organisation last June, all national committees were asked to consider whether they could support and follow the example of the French topmakers in producing funds for wool promotion.

A series of discussions followed in the U.K., and from the beginning it was clear that, despite the very poor state of trade, most topmakers favoured a promotion scheme.

"It was felt that we should not just sit back and grumble about the state of trade, but should do something to help ourselves," said Mr. Lees.

The present network of regional arts associations could be transformed into a network of regional councils acting as a buffer between local government and the arts. But their freedom from political influence or control would have to be guaranteed.

Lord Gibson said that the case for spending community money on the arts—as on education, medicine or defence—rested on the notion that people had a right of access to the arts.

"However the case for subsidising the arts may be argued, what is significant is that the development of the arts means of public funds has made such strides since the war that the argument is now seldom conducted at all."

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## Another good month for building societies

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING societies had another excellent month in January, with a seasonal increase in investors' funds and the continuing fall in competitive interest rates, they are thought to have experienced one of their best months since early 1975.

Figures for January will not be confirmed until the end of next week, but with reports already in from the biggest societies, it looks as though the movement's combined total for net receipts during the first month of 1976 will be between £300m. and £350m.

The anticipated January outturn compares with a net receipts total of £231m. in December and £239m. in January last year. The all-time peak for net receipts was reached in April, 1975, when societies were left with £406m. of new money, followed by £317m. in May.

The recent volume of advances to home buyers is expected to have remained in the £450m.-£500m. bracket while approvals on loans worth a similar amount seem likely, although some seasonal reduction is possible.

Commenting on the state of the housing market in 1975, the Association says that low demand in relation to supply has been the principal reason why a high level of mortgage lending has been able to co-exist with sharp reduction in real house prices. Prices last year are calculated to have risen, on average, by less than 1 per cent a month or less than half the rate of increase of the retail price index.

The situation today, it adds, is in sharp contrast to the position in 1972 when house price inflation hit its peak.

To-day, however, the flow of people from council accommodation to the private sector has been stemmed by the holding down of rents, real incomes have declined and were expected to continue to do so and house prices were not cheap in relation to earnings.

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**FINANCIAL TIMES**

**RECEPTION COPY**

**David RANKIN**

**Steel**

**BY ADRIAN HAMILTON**

## Are your visitors better-informed than your staff?

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And by making sure they each receive their own FT every morning you'll be making an important contribution to your own business efficiency.

In these competitive times everyone in business needs the Financial Times

## Fall in crime at Mersey docks

ONE OF the best cargo security records of any European port is claimed by the Mersey Docks and Harbour Company, following a reduction of 40 per cent in dock crime in the last two years. This is announced this morning by the Board which set up its own security arrangements in 1974 when crime fell by 8 per cent, and last year by a further 36 per cent with a reduction of 22.2 per cent in the value of goods stolen.

## Defence jobs out of London

The Ministry of Defence confirmed yesterday that it would go ahead with its 1974 plans to shift 5,000 jobs to Cardiff and 6,000 to Glasgow by 1984.

About half the workers involved will be from London, the rest from elsewhere, or recruited locally.

A site has been selected at St. Melons, Cardiff, in Glasgow 4,500 will go to St. Enoch Station.

**THE WIGHAM POLAND GROUP**

The little ills of life are the hardest to bear (Thackeray)

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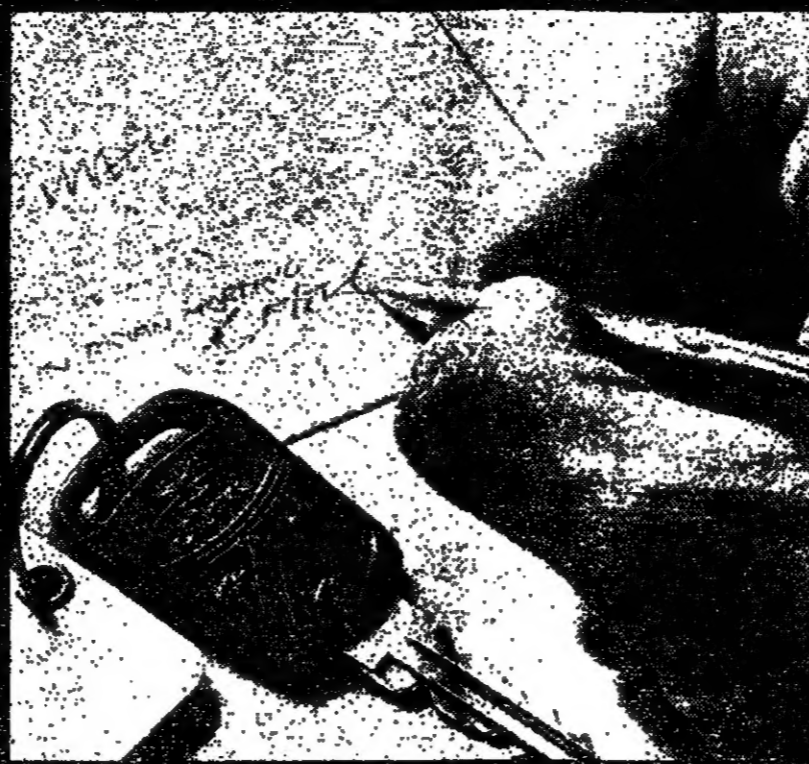
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## LABOUR NEWS

## Harland's dangers 'still to be overcome'—Orme

BY LORELES OLSLAGER, LABOUR STAFF

PRODUCTIVITY at the Belfast shipyard of Harland and Wolff has improved dramatically since the Government told the workers in October that the yard's long-term future could not be guaranteed unless there was a better performance. But at a meeting with both management and unions yesterday, Mr. Stan Orme, the Minister of State for Northern Ireland, dwelt heavily on the yard's precarious order book situation and said that even with increased productivity, the dangers were not overcome.

The Northern Ireland Office said later that Mr. Orme had asked the management to analyse the present prospects and to confer with the unions as a preliminary to a further meeting of the joint consultative committee in the near future.

Harland and Wolff has sufficient orders to keep it in being until the end of 1978. The implication of Mr. Orme's remark is that he wants the management and unions to draw up contingency plans for redundancy in case no new orders materialise or if there is a danger of cancellations.

The labour force has already been reduced from about 10,000 to 8,000 over the last two years, and the company is trying to shed another 700 workers.

About 100 have volunteered for redundancy and the possibility of straightforward dismissals to meet the target figure cannot be excluded.

Mr. Orme said that there had been a "very significant improvement" in productivity and urged

the workers to maintain the level.

Steel throughput had improved from 70 man-hours a tonne in July to just over 43 man-hours a tonne at the end of December.

Mr. Orme also urged the unions to arrange to fill the five seats allocated for workers' directors on the Harland and Wolff Board under the company's worker-participation scheme.

Shop stewards are believed to have had second thoughts recently about the advisability of worker-directors, and the unions have certainly been in no hurry to fill the posts. Mr. Orme had hoped for nominations before Christmas.

No one on the union side spoke against the idea of worker-directors at yesterday's meeting.

## Nottinghamshire miners take moderate pay line

BY ROY ROGERS, LABOUR CORRESPONDENT

DELEGATES representing Nottinghamshire's 30,000 predominantly moderate miners yesterday refused to endorse a wage demand when it was raised by the Cuddington and Newstead branches.

Mr. Len Clarke, Nottinghamshire area president, yesterday warned delegates against the £100-a-week demand when it was raised by the Cuddington and Newstead branches.

Mr. Clarke, who played a major role in winning NUM support for the Government's pay policy last year, urged delegates not to embarrass the Government or isolate miners from the rest of the nation.

The £100-a-week motion received 98 votes from the 370 delegates, and becomes the area's reserve motion for the national conference and could conceivably be promoted to an official motion if there is sufficient support among the NUM delegates.

The Nottinghamshire NUM branches which now have to review the motions put forward.

Other NUM areas will have their conference or executive meetings in the next few weeks when the union's militants are expected to try to rally support around the £100 demand.

Notes, delegates chose the retirement motion (232 votes), proved sick pay demands (213 votes) and higher pensions (213 votes) as the three motions they are entitled to forward to the national conference.

## CBI SURVEY OF INDUSTRIAL TRENDS

## Business more confident, although cuts continue

BY ADRIAN HAMILTON

THE REVIVAL of business confidence which became apparent last autumn has considerably strengthened in the past few months, according to the latest industrial trends survey published by the Confederation of British Industry yesterday.

But, the quarterly survey which was carried out last month says that the recession, as seen in low order-books and surplus manufacturing capacity, actually deepened during the period.

The most optimistic factor in the survey is probably the rise in investment intentions. About 10 per cent of respondents, expect authorisations on plant and machinery to be higher in the next 12 months than in the last 12 months, against 12 per cent of participants expecting capital expenditure authorisations to be lower.

This, says the survey, represents "the least unfavourable forecasts recorded for 21 months (buildings) and 27 months (plant and machinery)".

capital investment through in interest relief grants.

The survey also records a good deal of optimism among businesses about future orders and exports. It shows that 22 per cent of respondents are more optimistic about the general business situation than four months ago, against 12 per cent less optimistic. It points particularly to the larger companies and the lighter end of industry, as the main leaders.

In terms of new orders, 6 per cent report an increase in the value of total new orders over the past four months, and 23 per cent expect an increase in the next four months.

The intake of new orders in the last four months worsened in the capital goods sector, the survey warns, but elsewhere the situation has improved, particularly in the chemicals sector, which traditionally leads any revival.

Increased output is reported by 36 per cent, and forecast 4 per cent, of participants—a more favourable trend than has been indicated at any time for a year.

## Counterbalance

While still expecting that a fall of about 9 per cent in manufacturing investment will be experienced this year against last, the survey predicts that "by the third quarter capital spending (measured at constant prices) could be back to the year-before level, with a continuing improvement underway."

An improvement in investment intentions must be particularly welcome news to the Government, which has eagerly been awaiting such signs to counterbalance the continuing shedding of labour of the last year.

Just under one in five companies said that they had profitable investment opportunities which would be constrained because of a shortage of investment finance—a point which the Government is again becoming particularly interested in its plans to induce accelerated

## Stocks

In line with previous survey in the last few months, the latest CBI results also indicated that the period of very rapid destocking in manufacturing industry last year—may now be coming to an end, although the rundown has been confirmed over recent months.

Only a few companies expect to reduce stocks of raw materials and brought-in supplies over the next four months while, for the first time in a year, more respondents expect to increase than cur stocks of finished goods.

## Details of trends

TOTAL TRADE—2,000 respondents. All figures are percentages based on a weighted sample. Figures in parentheses show the response to the survey carried out last October.

Are you more or less optimistic about your business prospects for the next 12 months than you were four months ago?

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months?

Is your present level of output below capacity (that is, are you working below a satisfactory full rate of operation)?

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Numbers employed

Value of total new orders

Value of output

Stocks of:

Average costs per unit of output

Average prices at which domestic orders are booked

What factors are likely to limit your output over the next four months?

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,469.

Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago?

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

Value of new orders received for exports

Value of export deliveries

Average prices at which export orders are booked

What factors are likely to limit your ability to obtain export orders over the next four months?

Quota and Political or economic restrictions abroad

Overseas Delivery Dates

Competitors' prices

Finance

Other

AN INDUSTRIAL tribunal in player's attitude to "trade unionism."

It said that the factory was non-union until last June, and when the G.M.W.U. began recruiting, Mr. Young interfered by persuading the workers' choice of General and Municipal Workers' Union steward, and Mrs. Thomas Young, and Son, a North Shields shipbuilding subcontracting company.

The tribunal described the company's chairman, Mr. John Young, as a man with "an early 19th-century attitude."

Chemists' shops 'face crisis'

NEARLY 300 neighbourhood chemists are going out of business each year, according to a survey by the British Society of Chemists.

Unless the slide is stopped, people will have to go further for their prescriptions and the corner chemist eventually may be a thing of the past.

Mr. Robert Worby, of Waltham Forest, London, who is a member of the pharmaceutical services negotiating committee which decides how much is paid to pharmacists from National Health Service funds.

Over the past six years, nearly 1,700 pharmacies have shut up shop, he said in London. With fewer than 11,000 left, mainly pharmaceutical services people will have to go further for their prescriptions and the corner chemist eventually may be a thing of the past.

Mr. Worby said that the NHS, in the meantime, pharmacists were launching a "propping-up" operation which could cost up to £10m this year.

The major problem, he said, was that small chemists face higher costs than large ones.

## Employment fall

Of less comfort to the Government, the prediction, from results of the survey, that manufacturing employment will just under 1 per cent, between last December and next April, implies a "further reduction" in employment which would be very substantial, but those of the last 12 months.

The survey also reports continued worries about inflation costs, some signs of easing, decreasing majority of companies with less than four months' orders in hand and concern about price competitiveness in the ports.

The CBI is an organisation that has yet to make its formal budget, but the survey suggests that there will be little change in basic attitude that inflation remains the main priority of policy and that any conventional reactionary measures now would jeopardise the still tentative signs of economic recovery which exist.

## Keen trade marks, say housewives

SURVEY RESULTS published today by the Confederation of British Industry show that per cent of housewives buy most of their packaged groceries in the supermarket, 18 per cent in smaller shops.

The survey among 1,000 housewives was to find the value consumer of trade marks. Sir the British Trade Mark Register started in 1976, more than 2 have been registered and 250 are still used.

## Airsports handling peak load with fewer flights

By Michael Domes.

A RECORD 30m. passengers in the seven airports owned by British Airports Authority last year, although the number of aircraft involved declined.

The overall increase in passenger traffic at Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen was 5.9 per cent, while Heathrow alone handling 21.3 passengers, or 6 per cent more than in 1974.

The number of aircraft movements, however, fell slightly from 428,200, with Heathrow declining by 4.4 per cent to 254,100—reflecting growing use of the Jumbo or other bigger jets.

Cargo traffic at the BAA's ports declined significantly, 8.5 per cent. At Heathrow cargo volume fell by 12.4 per cent, 406,000 tonnes, although Gatwick handled 37.8 per cent more cargo at 75,300 tonnes.

## Aerospace workers plan jobs rallies

BY PETER CARTWRIGHT

DEMONSTRATIONS involving 40 aerospace factories in the U.K., including Northern Ireland, have been arranged for Friday to protest against closures and loss of employment.

The Aerospace Shop Stewards' Liaison Committee, which has organised the protest, claims to represent about 100,000 workers, from hardware-designers to maintenance workers. It covers a range of companies from British Airways at Heathrow to Centrax Components in the West Country, and Westland Helicopters.

Employees of Rolls-Royce will head a number of rallies in various parts of the country. Rolls-Royce plans to close three plants at Dunsford, Northern Ireland; Blantyre, Scotland; and part of Barnoldswick, Yorks; and reduce its labour force as a whole.

This particularly affects Derby through the cut in production of the RB-211 engine. Among other centres involved are British Aircraft's factories in Bristol, and the Fairford base in Gloucestershire, which has been the flight-test centre for the Concorde.

The organisers of the demonstrations draw attention to Sir Kenneth Keith's demand for £100m. to finance further developments at Rolls-Royce (1971), of which he is chairman.

## Dockers want rise halted while bonus talks go on

By Our Labour Staff

LEADERS of several thousand dockers in enclosed docks have asked employers to stop paying a £6 a week rise while further negotiations take place on re-arranging payment of an incentive bonus introduced last year.

The re-arrangement of the bonus system was part of the dockers' claim for the annual pay review, but Transport and General Workers' Union negotiators agreed to accept the £6 a week from January 1 while talks on the other issues were still going on.

Recently, however, the dockers' shop stewards asked that the £6 should not be paid until the whole deal was completed, and the employers are preparing to comply with the request.

The unions want to change the bonus system so that it is calculated on a gang basis instead of the performance of all the men involved in an operation.

Members of the smaller dock union, the National Amalgamated Stevedores and Dockers, are being asked whether they want to accept the £6 now or wait until bonus negotiations end.

## AUEW merger moves to be decided soon

BY OUR LABOUR CORRESPONDENT

THE future of long-delayed moves to weld the four sections of the 1.4m-member Amalgamated Union of Engineering Workers into one fully integrated union will be decided one way or the other at the May meeting of the dominant engineering section's policymaking, national committee.

A motion from the engineering section's Right wing Birmingham-based Union of Engineering Workers in favour of merger talks with any section which does not fall into line with proposals designed to ensure that the engineering section maintains its dominance of the union and assist in the removal of Labour officials appointed by other sections.

This hard line motion comes at a time when the other sections (technical and supervisory) and foundry and constructional—have made it clear they are anxious to break the deadlocked merger situation and when

ings of the nature of the present ones and the whole evidence goes through once more.

"Our final conclusion is that it is not practicable to merge in accordance with the wishes of the applicants to be reinstated and we make no recommendation to that effect."

The tribunal explained how the practice of the closed shop was inadequate. Such checks as were carried out by shop stewards to see who the non-members were had been primarily against members of the Electricity Supply Union and not against members of other recognised unions generally.

For instance, nine members of the Boulton's Amalgamation at Fiddlers Ferry power station, near Warrington, had been

allowed to continue membership something that the Board and national union officials said could not happen.

In all, there could be 1,000 or more workers who should be reinstated, but the tribunal said that the majority of the recognised unions had not been reinstated.

This lack of "practicality" and the resulting discrimination against some workers were the main basis for upholding the men's claim that they were unfairly dismissed.

Explaining why the tribunal was not prepared to discuss the point of principle—what constitutes "reasonable grounds" for not joining a union—the judge said:

"There is no guidance whatsoever from Parliament on what constitutes such grounds and we are given the task of deciding this question."

"It is contrary to the conventions of the constitution of this country, as I understand them, for a judicial body to have to decide such a question which carries political and controversial implications."

But the tribunal had "sifted" some of the grounds of objection—mainly about the ability of the big unions adequately to represent power workers and about the appropriateness of one union rather than another. None was a reasonable ground, it concludes.

The three tribunal members had put their views on the matter in a sealed envelope, which was not to be opened unless by express permission of the high authorities.

It stated on the outside of the envelope.

"We feel sure that they would continue a campaign for the ESW regardless of its merits and that there would have to be another set of dismissals followed by another set of proceedings."

"Parliament has provided for closed shop agreements. . . . It is not our function either to criticise or to express approval."

that union. They seem just to have been dismissed.

"Their sole attitude was that the ESW was the union for them and they were going to have no other; and only at the very last moment on September 26 did they decide to join the AUEW and even then they advanced no reasoned argument in support of this course of action. They are completing grounds to being a member of

"In this instance the operation of the agreement was left to shop stewards who were not accountable to anyone for the efficient performance of their functions nor liable to have their functions monitored."

"It has proved impossible for the Board to show that it is likely that the practice of universal membership of one of the designated unions exists."

"Such being the case the dismissals were unfair."

"Consequently, the question does not arise as to what would be reasonable grounds on which to dismiss a worker for not joining with the closed shop agreement and, as the question does not arise, it is unnecessary and undesirable for us to state what constitute such grounds."

On the "difficult" question of reinstatement, the tribunal explains that such recommendations are rarely made because former employees do not usually want their jobs back. But in this case they did.

There was a risk of industrial action if the men returned. But the tribunal said that it was not deterred by threats of breach of contract and disorder by other employees.

However, it continues, the applicants succeeded on a point which was never raised by them prior to the hearing and which they had not given any thought until the issue had to be considered by their legal advisers.

## JUDGMENT ON 'THE FERRYBRIDGE SIX'

## Rebels' dismissal 'was unfair'—but jobs are not restored

A LEEDS industrial tribunal yesterday published a 20,000-word judgment on the closed shop case of six Yorkshire power station workers appealing against unfair dismissal.

The unanimous judgment is that:

1—All six were unfairly dismissed.

2—No recommendation for reinstatement or re-employment is made.

3—Compensation, if not agreed, is to be assessed by the tribunal at a further hearing on application.

The judgment says: "Parliament has provided for closed shop agreements and, however disappointing it may be to some, it is not our function either to criticise or to express approval of these provisions but merely to accept them."

"Such an agreement was in force here."

"But where such an agreement is in force, before an employee can be fairly dismissed for not complying with his obligation to become a member of a union designated in the agreement, it must be shown not only that the agreement existed, but that the agreement operated; in other words that there was a practice of universal membership of one of the designated unions exists."

"Such being the case the dismissals were unfair."

"Consequently, the question does not arise as to what would be reasonable grounds on which to dismiss a worker for not joining with the closed shop agreement and, as the question does not arise, it is unnecessary and undesirable for us to state what constitute such grounds."

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The cost savers for companies giving to charity

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Avenger saloon and estate, Hunter, Simca 1100, 2-Litre and the New Alpine are those we particularly recommend for company use.

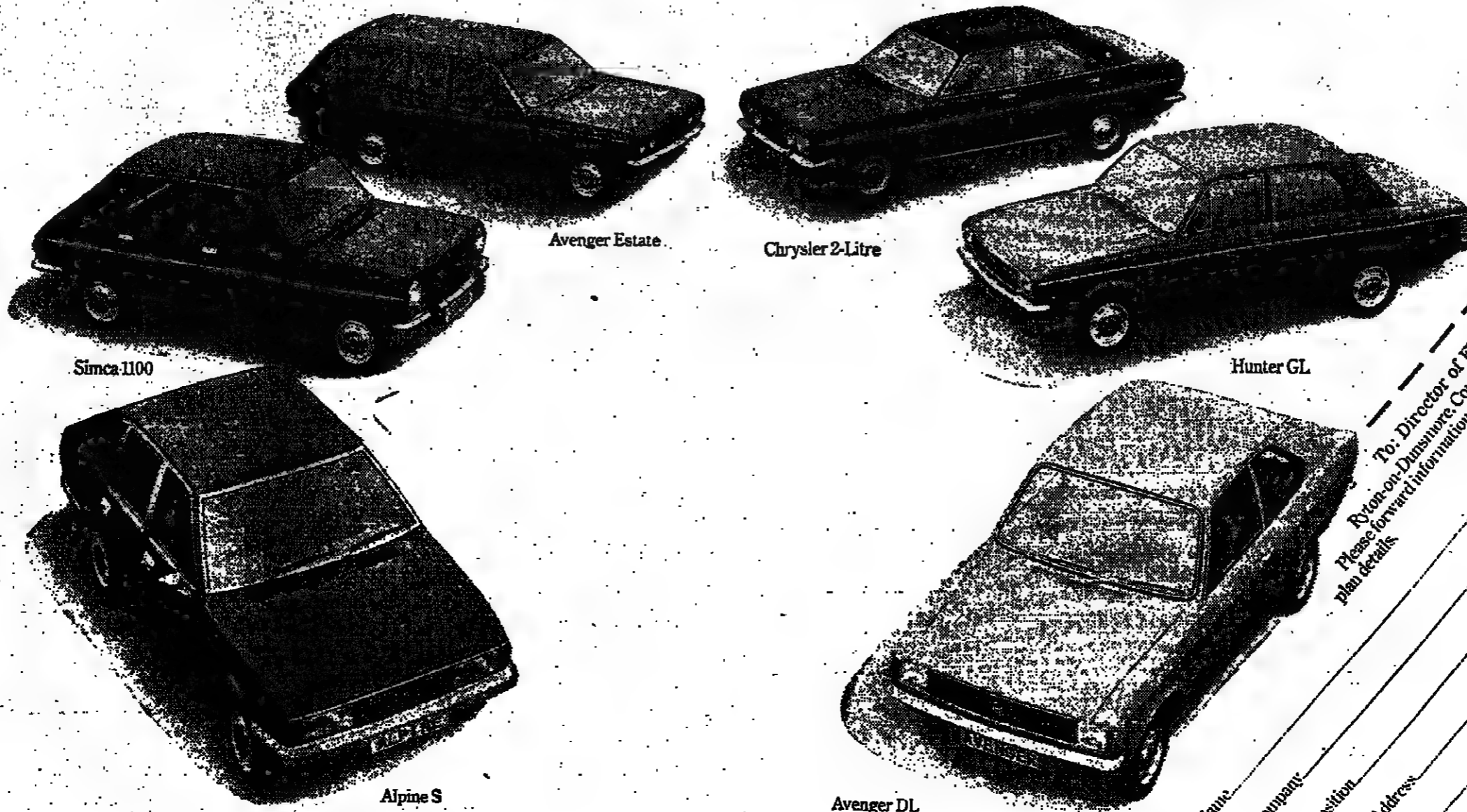
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## ● DATA PROCESSING

Based on a Univac 9480 computer at Harrogate, the network powers-up automatically at midnight, and then dials in turn.

Initially for three years and renewable, it allows users an alternative source on a worldwide basis, resulting from close

shears up to 1,000 tons capacity, says that where a discriminating buyer is in market for fast and accurate

programme computer to ensure that steel is cut to an exact weight or volume.

the machine. It uses a Ferranti 34F 400 carbon dioxide laser. The computer is used to generate the punched paper tape for the

table, and is capable of covering a work area two metres square. Cutting speed is 60 feet/hour, and cuts are made in 18 min.

## Assistance is close

The "Fairchild" range has 19 models with more expensive cases but the same module ranging from £43.95 to £97.50. Distrib-

and there are two sets of relay contacts for external alarms. More from the company sales office at Bath Road, Beenharn, Reading RG7 5PR (073 521 2121).

information from The Technical Page is available for use by the Corporation's External Service as source material for its overseas broadcasts.

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That's  
what I call  
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The Exchange Bulletin has grown more than six-fold since its first issue a year ago. More and more firms realise that the Exchange provides a solution to the economic and environmental problems created by waste disposal. See how it can help you by telephoning Alan Poll at Stevenage (0438) 3388 or sending the coupon.

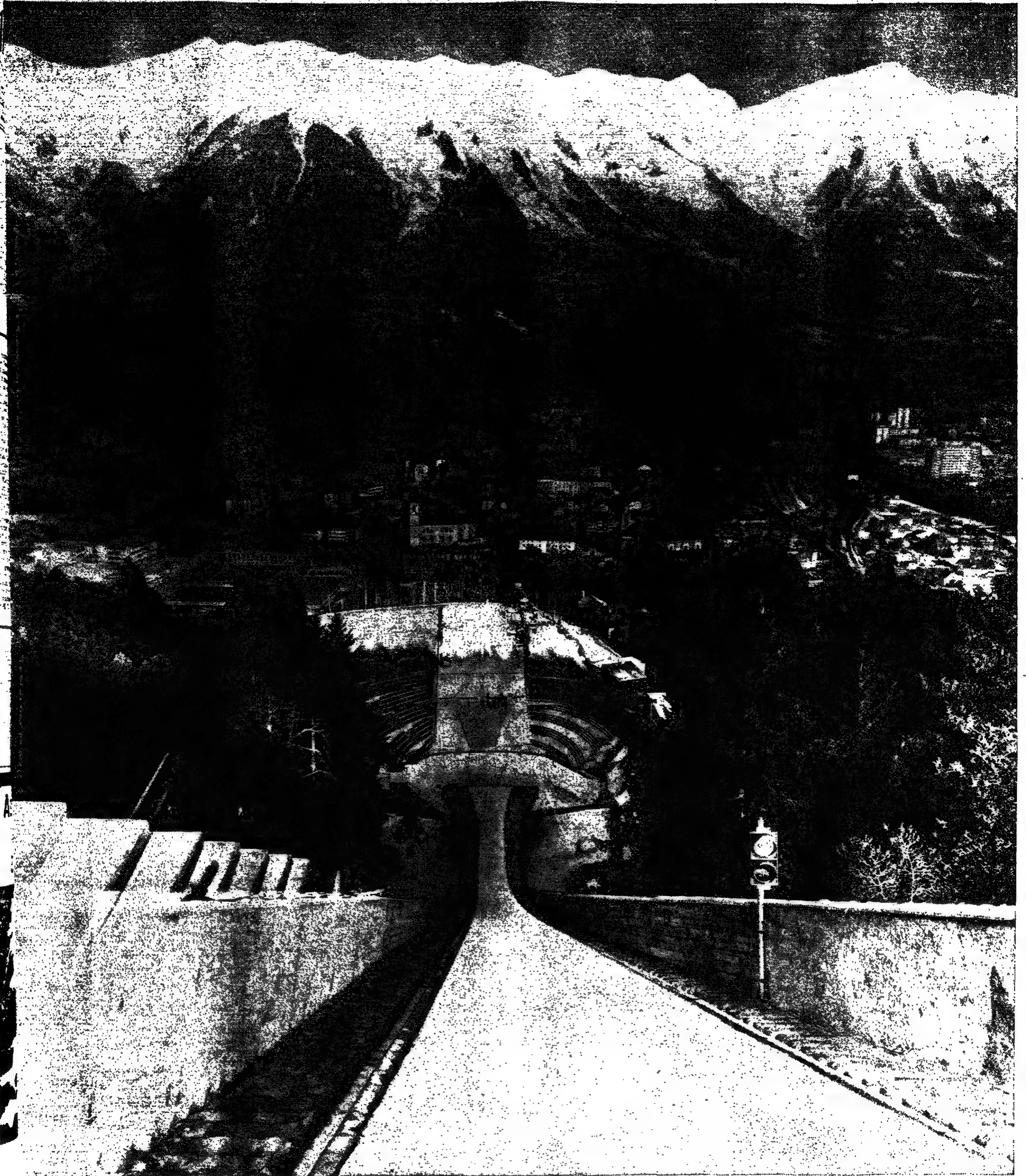
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Official Position \_\_\_\_\_

FT2

هكذا صار الأصل



## This year, a car has been selected for the Winter Olympics.

Today sees a break with an Olympic tradition that's almost as old as we are.

(In 1896 when Karl Benz was selling the world's first production cars, Pierre de Coubertin was getting the modern Olympics going.)

Since the early days, the flame has been relayed by runners over the last stages of its journey from Mount Olympus.

When the Winter Olympics began in 1924, a similar approach was adopted.

But this year in Austria they carried the torch in a different way.

By Mercedes-Benz saloon.

Some purists may of course criticise the choice

of a car. But none could really criticise the car that's been chosen.

Obviously, our utter reliability must have been a decisive factor. Along with our impressive performance (so useful if you need to put your skates on).

But there are other features that make a Mercedes particularly suitable for an Alpine event.

Independent suspension, precise steering and four-wheel disc brakes all ensure sure handling. No matter how tightly a road slaloms down a mountain-side.

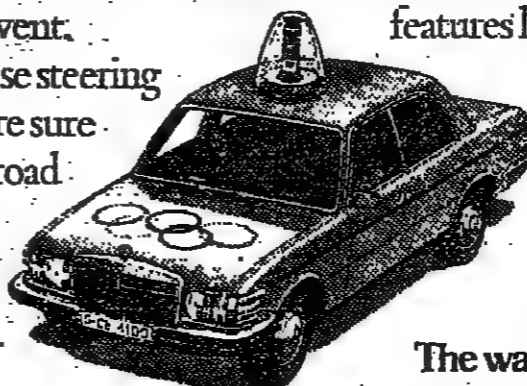
Bad visibility isn't likely to send any of our cars off course either.

The large glass area remains remarkably clear. As ingenious channels divert dirt from view.

And the powerful halogen headlights can be equipped with washers and wipers to brush aside slush and snow.

Inside and out, hundreds of standard Mercedes features helped to ensure this latest flame's arrival without incident.

In fact, we wonder why Pierre didn't ask us to participate years ago.



Mercedes-Benz.

The way every car should be built.







Britain and Italy are involved in a political row over the location of a £70m. research controlled thermonuclear fusion which could provide a new source of energy. David Fishlock reports

# The fight to plant Europe's 'seed of fusion'

THE POLITICAL row erupting between the British and Italian Governments over the location of one of the most ambitious research projects conceived in Europe concerns a venture which, if successful, could open the way to a new source of energy in the 21st century. Britain believes it has a compelling case for locating the £70m. project in the U.K. But in pressing its claims to play host to the project, the Italian Government has a case that finds favour not only in Brussels but with some of the smaller EEC members.

JET, the Joint European Torus, is Europe's bid to keep abreast of progress in controlled thermonuclear fusion, an area in which research is dominated by Russia and the U.S. If it proves as successful as its designers predict, Europe by the mid-1980s should have a shrewd idea of the shape of its first fusion reactor.

JET's importance for a continent apparently impoverished in terms of today's fuels is clear. For fusion reactors, it is hoped, will run on plentiful and cheap fuels, deuterium and tritium. These are two isotopes of hydrogen, a constituent of water and thus among the most abundant of elements. Long ago, the idea led Dr. Alvin Weinberg, a famous U.S. physicist, to speak imaginatively of "burning the seas."

If successful, fusion should have some other intrinsic advantages over nuclear fission, the process now used to generate nuclear energy. For example, its waste products will not be radioactive; and its fuel inventory will be so small that the reactor itself should raise no serious problems of radioactive release.

## Uncertain cost

But no-one today knows how to design a fusion reactor, much less how much such a reactor might cost. At a nuclear conference in Geneva, Professor Isidor Rabi, one of the world's foremost experts in fusion physics, summed up the uncertainty when he said: "Fusion is not against the laws of physics—although it may be against the laws of economics."

Only by constructing highly sophisticated experiments such as JET can the physicists show whether fusion (E-bomb) reactions might be tamed in the same way as fission (A-bomb) reactions are tamed in today's nuclear reactors. JET—like most big fusion experiments being planned to-day—derives from a Russian invention called Tokamak, which in turn derives from a U.K. experiment of the 1960s called Zeta.

If JET works, it should establish what reactor conditions are



The Italian and British Ministers responsible for putting their country's case for the JET project: (left), Dr. Mario Pedini, Italy's Minister for Co-ordination of Research and Technology, and (right) Mr. Anthony Wedgwood Benn, the U.K. Secretary for Energy. Centre: Members of the JET design team at Culham Laboratory, with the head of project, Dr. P. H. Rebut of France on the extreme right.



right for the continuous release of energy. If it works particularly well, the scientists may even get bursts of heat energy as great as 20 MW and lasting for as long as 20 seconds. But this will happen only if the physics of JET turn out to be extraordinarily favourable.

JET has been designed by an international team of 57, led by Dr. P. H. Rebut, the French fusion physicist who has been working since 1974 at the Culham Laboratory near Oxford. Technically, the physicists agree that its concept stretches present-day technology to the limit in some crucial respects.

JET is essentially a giant electromagnet, fashioned in the shape of a torus or ring doughnut, 20 feet across, and designed to act as a "bottle" for electrified gas at extremely high temperatures and pressures. This writhing mass of gas ("plasma") will strain ceaselessly to escape from the bottle. But because of its electrical charge it will be restrained by the magnetic forces.

What the scientists are trying to do is to stimulate the thermonuclear reactions responsible for the sun's output of energy. Some idea of the scale can be gained from the fact that JET's magnet will require the biggest coils ever wound for an electrical machine, wrapped round a core of some 1,500 tons of steel. The experiment will operate at power levels as high as 200 MW—the output of a small power station.

The technical difficulties raised by a machine as ambitious as JET are the nub of the case Britain is preparing to oppose the Italian claim to play host. The fate of JET may well be decided at the Council of Ministers' meeting in Brussels on February 24. This week Mr.

Anthony Wedgwood Benn, the Secretary for Energy, is being briefed on the reasons why British fusion physicists believe that JET should be built on a site adjoining the Culham Laboratory, and why they feel the inherently high-risk project could be jeopardised if located at the site the Italians have chosen.

The problem for Britain is that JET has been designed as

## WHERE THE JET CASH WILL GO

	(£m.)
The JET device	15.1
Power supplies	11.7
Buildings	7.9
Auxiliary systems (pumping, heating, cooling, etc.)	4.7
Operating Budget (instrumentation (including computers))	3.4
Manpower (1,395 man-years)	14.5
Contingencies	5.9
TOTAL	76.6

the leading experiment for the next phase of the EEC's joint fusion research programme. Under this highly successful programme a small team in Brussels co-ordinates the work of a dozen fusion laboratories around Europe.

But the EEC—strenuously lobbied in recent months by the Italian Government—has proposed that JET should be built at a site with no previous experience of nuclear fusion. This is at Ispra, in northern Italy, where the biggest of the EEC's own research centres is located.

Ispra, now known as the EEC's Joint Research Centre, has long been a cause of controversy within the Common Market. It was originally set

up as a reactor development centre, a role in which Euratom achieved no conspicuous success.

From 1968-73 the EEC failed to agree on a new role for Ispra and kept it alive on a year-to-year basis. Then it agreed a new four-year programme which featured major research efforts on such subjects as hydrogen as a fuel of the future.

This programme comes to an end this year. The Italians, who have always staunchly defended Ispra against critics—including the U.K. at one stage—who wished to see it closed, recognised that JET could provide it with the big, long-range mission it desperately needs.

The Italian Government is basing its case on the psychological importance of establishing JET as a truly EEC project, and not merely one that the EEC's fusion specialists in Brussels are co-ordinating into the overall European programme. Dr. Mario Pedini, the Minister for Research and Technology, sees it as essential that fusion research should become a wholehearted Community effort, if the EEC is to avoid another flop like Euratom.

The Italians even argued that JET should be financed completely from EEC funds. The EEC compromised by offering to pay 90 per cent of the bill, with the balance to be shared among participating nations, according to GNP.

Dr. Pedini claims that even if JET proves a resounding success, there would be at least two more major development steps before anyone would be in a position to design a European nuclear fusion reactor. One would probably be a superconducting version, likely to be still more expensive, which could be constructed at another EEC fusion research centre. By

then—well into the 1980s—the "seed of fusion," as he calls it, would have been planted firmly in EEC soil.

This scenario is meeting with scant sympathy in Britain. The main U.K. grounds for opposing the choice of Ispra is that it would greatly lessen the chances of success with a very difficult project. Dr. Walter Marshall, chief scientist of the U.K. Atomic Energy Authority, scientific adviser to the Department of Energy and formerly a fusion physicist, has satisfied himself that, although very ambitious, JET can be made to work. But he believes that it will need all the technological resources of a team experienced in building the very complex machines used in fusion research.

He is not satisfied that Ispra has those resources—or can acquire them. Which existing laboratory, he asks, is going to feel sufficiently committed to JET to help Ispra get out of trouble? "Frankly, I can't see how it can succeed," says Dr. Marshall.

It will succeed, he believes, only if built in close proximity to a fusion laboratory with a good track record in building fusion machines.

Fusion physicists throughout the world agree that the European centre comparable with the best that the U.S. and Russia can offer in big-project management is the Culham Laboratory, where JET was proposed. Germany has proposed Garching near Munich, which also has a good track record, though less impressive than Culham. The French have offered a new site at Cadarache in the south, which would mean transferring their resources from Sceaux near Paris. The Italians have a good laboratory at Frascati near Rome, but are

not proposing that JET be built there.

But even Italian fusionists think that Dr. Pedini is being a bit disingenuous in gesting that, provided goes to Ispra, its success could be built at other centres in Europe. They think that so great will be the momentum in engineering—nearly half of JET's special power supplies, and cooling systems—that would be strong economic sure to conduct any subsequent developments at the same

## The wrong target

The British contention of Council of Ministers' meeting likely to be that in the Ispra, the EEC has fine sights on the wrong target. It has shown more concern solving the purely administrative problem of the future Joint Research Centre for the formidable technical difficulties of the JET project.

The Italian case—may well win support from the smaller EEC countries—is likely to be that, as important as fusion to European energy prospects, it must be pursued as a community effort, at an research centre. They make secret of their fear that fusion could find themselves shut out of the economically realistic, 1971 of the Anglo-German treaty on uranium enrichment.

## Now for the incentive

THE Confederation of British Industry is wise to warn the public against a euphoric reaction to its latest survey of industrial trends. The favourable points in the survey—an improvement in business confidence, the signs of an end to de-stocking, improved export prospects, and perhaps most important an expected revival in real activity and productive investment—present the best outlook, in comparative terms, for more than two years. We are clearly near a turning point.

However, it is just as important to remember that the figures are comparative, and that industry remains in its deepest recession since the war, with no less than 85 per cent. of manufacturing industry short of orders—the worst figure in the history of the survey. Cost inflation is still a major worry; even in export markets, despite the rapid depreciation of sterling, price competitiveness is a bigger constraint than it was a year ago.

There are, in fact, somewhat more solid grounds for encouragement than there are that we have reached bottom. An important reason for the revival in general confidence, which has turned round very rapidly since last summer, is the conviction that inflation is at last being tackled effectively, and more generally that the Government is showing a growing understanding of industry's problems. It is as well, however, to be clear what would be likely to happen if the recovery were simply left to run its course unaided. For a time, quite a rapid improvement in activity is likely: de-stocking by the retail trade already seems to have come to an end, and manufacturers can no longer meet much of the improved retail demand out of their own excess stocks.

### U.S. experience

However, a recovery from the stock cycle is likely to be a fairly short-lived adjustment, as experience in the U.S. has already shown. Once production is running more or less in step with sales, further progress is likely to be much less dramatic

Even when the adjustment is complete, industry is likely to have a historically high level of surplus productive capacity; and productive investment, which is likely to fall this year to its lowest point since 1968, would revive only slowly.

There are two conditions, as the CBI points out in its policy conclusions, which are necessary if bottoming out is to turn into real recovery: a continued reduction in the rate of inflation, and an improvement in profitability. These two objectives may appear to the Government to be to some extent in conflict, for Governments are always tempted to suppress inflation rather than to eliminate it; and while the Prime Minister and the Chancellor have spoken firmly and encouragingly of their intention to bring inflation down at the cost of high unemployment, they have been rather more reticent about profits.

### Key to expansion

The fact is that profitability is the key to expansion and to reducing unemployment. The CBI survey provides one clear piece of evidence: even in the present recession, 15 per cent. of companies report investment opportunities going begging for lack of internal finance. Further, despite the easy availability of bank credit and the revival of the stock market five per cent. of all companies, and ten per cent. of small ones, are frustrated by difficulties in raising external finance. If such constraints appear now, what is likely to happen when expansion puts real pressure on the available funds? The fact is that these constraints are the entirely predictable result of more than three years of price and dividend restraint, compounded by an interlude of unrestrained wage inflation. Recovery should bring improved profitability; but only if companies can restore their margins without interference from a rigid formula and share that profitability with those willing to subscribe capital, can the present turning point lead to real expansion.

## Higher charges for a worse service

THE FINANCIAL problems of the Post Office's letter service are so intractable in comparison with those of its rapidly-growing telecommunications side that there must be a great temptation for top management to look the other way as long as possible. However, the letter service is now rapidly reaching the point where higher tariffs lead to diminishing traffic and still higher tariffs: the question is already being raised, whether the Government should not recognise that the letter service performs a social as well as a commercial function and provide the Post Office with a special subsidy on unprofitable services. Before that situation arises, it is high time for a Committee to look closely into the working of the present system and discover why, despite the undoubted drawbacks of a heavily labour-intensive business, the Post Office letter service seems to give so little satisfaction to the public in either price or quality.

The Government announced the chairman of just such a Committee of Inquiry last November, and that announcement has plainly overshadowed the investigation carried out by the Select Committee on Nationalised Industries. The evidence it has taken and the highly tentative conclusions it has drawn will be of use to the Carter Committee and will, it is to be hoped, save the letter from having to go again over ground that is already well trodden.

### Quality and price

In so far as the immediate financial position of the Post Office is a matter for concern, there is much to be said in favour of the suggestions put forward in this report, that the Treasury itself should pay a more realistic fee for the agency services carried out by it. The Post Office should make a sizeable contribution towards putting the pension fund on a sounder basis. If it is argued that these are merely book-keeping transactions, the answer must be that there is

justification for them in book-keeping terms and that there is some advantage in not pushing the letter service down the vicious spiral into bankruptcy and demoralisation any earlier than necessary.

For the outlook is not altogether gloomy. Mechanised sorting can go ahead more quickly now that the union is proving more co-operative. Greater use of part-time female labour may become more widespread now that discrimination is illegal. A fairly simple amendment to existing law would greatly ease the burden of distributing letters direct into particular letter-boxes. Above all, perhaps, a more imaginative use of tariff policy might either increase revenue directly or, by improving the quality of service, increase it indirectly. For the undeniable fact is, whatever the Post Office's own sampling may show, that the general public is fed up not only with the very sharp increase in the price of the mail over the past few years but with the failure to provide a first-rate service at any price.

The Carter Committee will have more time and opportunity to look behind the particular difficulties of the letter service to the people behind them. If the present state of affairs is due to the fact that the relative glamour of the telecommunications side attracts the best talent, there may be a case for separating the two operations: though in the longer run, one would imagine, the idea of a single communications service is likely to prove fruitful. But it would also appear from the Select Committee's report that the responsible departments, and especially the Department of Industry, are less interested in the affairs of the country's largest single employer than the size of its operation would merit. The explanation of this attitude, if the Committee's remarks prove to be justified, may throw considerable light on the causes of what is rapidly becoming an acute problem.

## MEN AND MATTERS

### Vote for icebergs

One reliably jolly side to the American presidential race is the appearance of what might kindly be called minority interest candidates, espousing all sorts of strange causes. For the campaign of '78, the number of these hopefuls has risen sharply. Almost 90 candidates have now notified the watchdog Federal Election Commission that they are taking part, against only 36 four years ago.

Ira Waggoner of Illinois is campaigning (?) on the "towing icebergs to California and irrigating the desert." Ticket, combined with what seems quite a reasonable desire to turn dumped cars into farm machinery. Accountantability Burns, from Oklahoma, born on Christmas Day, has a simple message: "waiting to make December 24 and February 28 national holidays." California itself is the home of Ernest Whitford, who is majoring on a national programme to add brain or 7 per cent. roughage to all processed food in order to curb constipation, which he says is America's main cause of illness.

The law requires only that Presidential candidates be 35 or over and make periodic returns of how much they are spending on their campaigns. The youngest to register with the election commission is 35-year-old Conrad Morrow, who seems to spend most of his life hitch-hiking around Canada and the U.S. and whose politics seem more or less straightforward Communism. Morrow's declared spending so far: \$15 on two phone calls, according to the Washington Post. Robert J. Roosevelt might just have an edge in public recognition terms on the roving Morrow, although he is not con-

tent merely to state he is a relative of Theodore and Franklin of the same name, but also claims descent from William McKinley and Ulysses S. Grant. The latest Roosevelt wants supporters to "contribute generously and at once," but adds a note of wary realism to his campaign by informing the commission that due to "terrorism and threats it has been necessary to cancel fund-raising dinners."



"I'm trying to protest but I can't get a dialling tone!"

### This is how

The International Olympic Committee in Innsbruck turned yesterday from worrying about the Montreal summer games and attendant problems to the next games in 1980. Another night-mare? Far from it, declared Soviet deputy premier Ignati Novikov, leader of the delegation from Moscow where the summer games four years hence will be held. There was great enthusiasm in Russia for the

games, he said, and there had been 26,000 proposals for the motif design for the event. And, most important, against the \$1,200m. cost of the Canadian games, the Russians are aiming to go no higher than \$200m., and hope for economies even on that.

"Everything will be ready on time," Novikov said after meeting the IOC. "We do not have any doubts on that. The Socialist planning system allows us to be sure."

### Watch the button

Troubles and ambitions expectations of triumph in the world of watches yesterday. In France, near the border with the classic watch-making Swiss, over 200 companies went on strike to protest against President Giscard d'Estaing's special help for LEP, the business that became an industrial cause célèbre when its workers refused to accept closure.

But are they all concentrating on the right end of the market anyway? The question is raised by some ambitious—some might say over-ambitious—predictions rolled out in London by 38-year-old Wilfrid J. Carrigan, who sounds as American as his California-based company, Fairchild, but in fact spent his childhood on Merseyside followed by a chemical engineering course at Imperial College.

Fairchild is expanding from microcircuits and other electronic components into consumer products, and that means principally electronic digital watches. Generally, they have a drabbed face until a button is pushed to light up the time in figures.

Britons are the world's second most voracious watch watchers,

yielding only to the Americans in the number of wrist watches per head, as it were. Carrigan had come home to preside over the launch of Fairchild's new "collection" (watches are marketed like fashion goods these days).

Now to the claims, Fairchild reckons already to be the world's leader in digital watch manufacture; clocks and TV games will be added to the product line this summer. Carrigan forecasts that digital watches, which are proving a craze across the world and particularly in the fast-moving States, will account for virtually the whole of the next five years growth in the international watch market.

When it comes to fashion, such predictions could of course be self-fulfilling. One question, I suppose, is whether customers go for the notion that the pleasure of telling the time is somehow enhanced by pushing a little button.

Fairchild chose some curious advertising on American television last year. Digital watches were "pushed" in a film which featured a mountaineer. But wouldn't his button-pushing fingers be occupied clinging on? "He didn't have three hands," conceded one executive in Carrigan's team with a smile.

### Don't push

Air India's New York reservation office has a queuing system for incoming telephone calls. If all the booking clerks are busy, a pre-recorded message starts: "This is Air India, the airline that treats you like a maharajah..." It then goes on to ask the caller to wait until someone's free. Clearly, being a maharajah's not what it used to be.

Observer

# Don't buy or lease a telephone dictation system—yet!

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## COMPANY NEWS + COMMENT

## Westinghouse profit expands to £3.45m.

SECOND HALF pre-tax profit of Westinghouse Brake and Signal increased from £1,436,000 to £1,918,000 against a forecast of not less than £1,335,000 for the first half, giving a total profit up from £2,368,000 to £3,454,000 for the year to September 27, 1975. Turnover expanded from £36.95m. to £39.21m.

In 1974-75 exchange differences arising on translation of fixed assets of overseas subsidiaries have been taken to reserves. Differences arising on translation of other assets and liabilities of overseas subsidiaries are included in the profit and loss account and comparative figures have been restated on this basis. Exchange gains included in trading profit were £222,000, compared with a previous loss of £184,000.

Stated earnings per 25p share, excluding extraordinary items, advanced from 2.4p to 4.4p, and the dividend is stepped up from 1.925p to a maximum permitted 1.73125p net with a final of 1.5553p.

Group sales and trading profit includes £3.7m. and £94,000 loss respectively for Partridge Wilson and Co. which became a subsidiary in July, 1974. In the comparative figures the group's £24,000 share of that company's trading profit is included in associated companies.

The extraordinary item consists of £73,000 costs less £31,000 tax relief arising on the partial discontinuance of the business of an Australian subsidiary. In 1973-74 the extraordinary item covered the release of a provision for reorganisation in the Australian subsidiary.

ON A VIRTUALLY static turnover of £39.2m. compared with £38.9m. profits of Unitech fell from £680,000 to £340,000 in the half-year ended November 29, 1975; but the directors are confident the shortfall for the rest of the current year will be proportionally less than this.

Chairman Mr. P. A. M. Curry explains that the lack of sales growth reflects the difficult trading conditions in the electronics industry, where reduction in stock levels has particularly affected component marketing. This sub-group has been largely responsible for the lower half year profit, with much of the decline taking place in Germany.

Steps have been taken to strengthen the German company and the group has secured the Motorola semi-conductor franchise in that country. The chairman says there are signs that the run-down of stocks in the electronics industry is coming to an end, but there is not yet any firm indication on improvement in final demand. He expects that the recovery may well follow an uncertain pattern.

First half earnings per 10p share are stated to be down from 4.4p to 2.5p. The interim dividend is 2.275p compared with 2.345p net—equal to an unchanged 3.3p gross. For the year ended May

## HIGHLIGHTS

Taking in currency savings BAT's figures are well in line with expectations but the tobacco division has shown a firm trend towards the end of the year. Completing the Lex column is Dowty where profits are well up at the half way stage with a forecast of a substantial increase for the full year, thanks to the strength of the mining and aviation divisions. A sharp reduction in interest charges at Wagon Finance has boosted profits while the dividend payout is doubled. With recovery overseas Westinghouse Brake has left outside estimates well behind but J. Saville Gordon has suffered from a decline in both supply and demand in the first six months.

there. At home the electrical areas, taking in semi-conductors and rectifiers, have been difficult, and while there is still plenty of work on hand at the brake and signal divisions for British Rail, the group recognises the need to develop overseas markets. If, in the face of massive oil costs, European Governments are ready to enter a phase of investment in railways, Westinghouse could be poised to shake off its different profits performance of late.

## Unitech off £0.14m. halfway

ON A VIRTUALLY static turnover of £39.2m. compared with £38.9m. profits of Unitech fell from £680,000 to £340,000 in the half-year ended November 29, 1975; but the directors are confident the shortfall for the rest of the current year will be proportionally less than this.

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31, 1975 a total of 6,070p was paid from profits of £1.58m. A one-for-one scrip issue is proposed to holders registered February 27. This will increase the capital to £1.29m. and will permit the shares to qualify for trustee status now that the company is in its fifth year of dividend payments.

External sales 1974-75 1975-76  
Trading profit 8,792,000 8,792,000  
Interest charges 111,200 111,200  
Profit before tax 24,000 24,000  
Taxation 24,000 24,000  
Net profit 24,000 24,000  
Dividend 24,000 24,000  
Profit after tax 24,000 24,000  
Ordinary 24,000 24,000  
Underwriting 24,000 24,000

The 1974 half-year figures have been restated in line with the last annual report to bring in full profits of Appliances Components. National interest on consideration for the outstanding 65 per cent. of the shares acquired from June 3, 1974, paid on October 30, 1975, has been deducted in arriving at the attributable profit.

Loss of volume in component marketing, particularly in Germany, has pushed Unitech's pre-tax profits a fifth lower at the interim stage on sales only 2 per cent. higher. A severely reduced minority charge indicates that business on the manufacturing side—just over one half of turnover—has been at least patchy and that FRD's Continental TV back contracts, for example, have not fully offset the downturn at home. A 10 per cent. fall in the second half, aided by new franchises in Germany, would produce pre-tax profits of £1.35m. for the year, but because of a return to a normal tax charge (55 per cent. last year, lower minorities and a smaller figure for national interest, earnings per share may emerge little changed at just under 10p. As the company probably does best at the tail end of a boom and in the early stages of a recession, any firm pick-up in volume and profitability may still be some way off. The market, at any rate, was unimpressed by the results and at 103p, down 7p last night, the yield on a maintained gross dividend is 8.2 similar to the first, but it would

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## Wagon Finance recovery

SECOND HALF profits of Wagon Finance Corporation showed a further recovery from £344,572 to £371,538—pushing the total for the year 1975 up to £1,435,305. This represents an increase of £11,219 on the previous year and compares with £1,344,086 achieved in 1973. Earnings per 25p share are stated to be up from 3.19p to 7.23p.

With Treasury permission the dividend is stepped up to 3p compared with 1.9p in 1974 and with 2.8875p in the year before. There was no interest on before.

Turnover 1974 1975  
Profit before tax 1,435,305 1,435,305  
Interest charges 2,365,567 4,833,287  
Taxation 723,394 212,474  
Net profit 786,344 210,454

An improvement in margins and turnover in Wagon Finance's second half, leaving trading profits only 9 per cent. in arrears, on the year, and a drop of a third in interest charges, have combined to lift pre-tax profits by 173 per cent. This, together with a doubled net dividend payment, pushed the share price 10p higher to 54p last night, where a yield of 9 per cent. is covered 2.4 times. The bulk of the poor 1974 lending experience has been absorbed and the improvement in second-half margins also implies some stickiness on the rates front. Gearing has been further reduced from last year's conservative 4:1 ratio, as a result of a cautious attitude to new motor business.

The group remains dependent on its bankers for deposits, although involvement in the "lifeboat" has been much reduced—at least savings in interest costs, it is claimed.

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Sir Richard Dobson, chairman of British American Tobacco which reports an increase from £117.27m. to £136.95m. in net attributable profits for the year ended September 30, 1975

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total last year
Abbey	0.5 (a)	Mar. 25	1.7	2.2
Bank Street Finance	1.25	April 14	2.6	3.85
British-American Tobacco	4.32	April 1	2.2	6.52
British-American Tobacco	4.32	April 1	2.2	6.52
Dowty Group	2.7	Mar. 31	2.5	5.2
Glass & Metal	2.5 (a)	Mar. 26	1.5	4.0
HM Holdings	1.5 (b)	Mar. 18	0.64	2.14
J. Saville Gordon	0.7	Mar. 18	0.64	1.34
William Somerville Int.	0.5	Mar. 26	0.58	1.08
United	3	April 2	1.3	4.3
Wagon Finance	3	April 2	0.98	3.98
Westinghouse	1.06	April 2	0.98	2.04

Dividends shown pence per share net except where otherwise stated. (a) Equivalent after allowing for scrip issue. (b) On capital increased by rights and/or acquisition issues. (a) Gross. (b) Australian cents.

It became known yesterday that Mr. Jack Griffiths, who resigned about a month ago as a director of the National Westminster Bank, had been asked to resign from the bank's board of directors because of increasing other business responsibilities, Mr. Walker said.

The interim dividend is stepped up from 0.64p to 0.7p net—a director and his wife have waived payment on 1m. shares. Dividend total for the year 1974-75 was 1.4644p.

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## ISSUE NEWS

## Ireland Alloys placing

BY TERRY GARRETT

Noble Gossart has completed arrangements for a £250,000 private placing, mainly with Scottish institutions, of shares in Ireland Alloys (Holdings), an unquoted alloy scrap merchant, in Glasgow District Council (G.D.C.).

Ireland Alloys has entered into a £1m. expansion programme in the U.S. and U.K. which, if financed by the company, would have resulted in the placing of 100 per cent. of the new shares.

The move into America will be the setting up of a stainless steel processing operation. Along with other non-ferrous metals, in Chicago. This new company, Astronut Inc., is being developed in partnership with two local executives active in that industry.

Ireland Alloys' pre-tax profits have been "more than trebled" to £284,000 in the three years to August 31, 1975 and exports on average account for 30 per cent. of business. The new U.S. venture is expected to open up a very sizeable potential in the international markets.

Mr. Austin Morris, chairman and chief executive, said last night that while he could foresee a stage when the company would find it desirable to "go public" it was unlikely the directors would need to think about it for another three years or so. Certainly no issue was expected this year.

## SHORT-TERM LOCAL LOANS

The coupon rate on this week's issues of local authority yearling bonds has eased a further 4 of a point to 10 1/4 per cent. this week. The bonds are due on February 9, 1977, at par.

This week's issues are: Reading Borough Council (£1m.), Wokingham District Council (£1m.), Middleborough Borough Council (£1m.), Warrington Borough Council (£1m.), South Hertfordshire District Council (£1m.), Lofthall Regional Council (£1m.), Etrick and Lauderdale District Council (£1m.), Redditch District Council (£1m.), West Yorkshire Metropolitan Council (£1m.), Bolton Metropolitan Borough Council (£1m.), Cambridge City Council (£1m.), Borough of Poole (£1m.), Merioneth District Council (£1m.), Waverley District Council (£1m.), Borough of Gateshead (£1m.), Bradford Metropolitan District

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Portfolio II Capital Bid 113.35  
Portfolio II Capital Offer 113.44

## Energy Finance goes public

Energy Finance and Trust, a financial company last August by Mr. Dennis way following his departure from the Board of banks, B. Bates, has become a public company.

EFG, which has interests in North Sea, has issued 7 Ordinary shares, which will be the Board with 80 per cent. enlarged equity, with the new 40 per cent. of the equity in the hands of 17 of outside investors.

In addition, the 210,000 new shares issued will have certain voting rights attached to them. It will still retain a 40 per cent. holding.

EFG made a bid at the last year's First Talkman meeting. It intends to maintain a quotation for that company although it was emphasised that EFG would be the representative of the shareholders. Mr. Richard Stale formerly of Eldridge Smith is also a director of EFG.

After significantly increasing margins in the first six months of the year, Wagon Finance was unable to hold off increased costs in the second half when profits dropped by 9 per cent. before tax to a 18 per cent. increase in sales, which volume was also easier. The group reckons, however, that this was just a hiccup. Demand in the current year is once again pointing upwards—the group avoids the more volatile areas such as glazing for the housing sector—and G and M should soon start to feel the benefits from a complete re-pricing exercise. This paints a fairly optimistic picture of the immediate growth prospects and the group which still has strong cash resources (around £700,000—against £544,000 in the last accounts) is now on the look for acquisitions to strengthen its glass and glazing business. That leaves the shares at 54p, yielding 9 per cent., covered 3 times, looking soundly based.

## Sharp fall at Beyer Peacock

AFTER PAYING £28,000 in respect of compensation for loss of office Beyer Peacock and Co. (light engineering) made a reduced profit of £30,740, against £92,835, for the half year to September 27, 1975. Turnover slipped from £3.03m. to £2.95m.

Earnings per 5p share are shown to be down from 0.64p to 0.38p before extraordinary items. In view of the importance of conserving cash resources there is again no interim dividend—the directors say that the level of the year's dividend will depend on second half results and on the general economic prospects at the time. Last year's final payment was 0.625p net from profits of £120,000 before tax.

The directors state that although Richard Garrett and Brecknell, Willis, continue to trade profitably, no full-scale recovery in profits will occur until private contractors are replaced by an adequate return on capital employed.

The half-year profit fall was caused by the continued depression in the U.K. construction industry aggravated by management problems at Space Deck.

## Further Spreckley talks

To-day appears certain to bring clarification of the future for Charles Spreckley Industries, the property development and contracting concern whose share quotation was suspended on Monday, pending the outcome of discussions with its bankers.

Further urgent meetings continued throughout yesterday between the company and its bankers. These are the National Westminster Bank, which has some £1m. in loans outstanding to Spreckley's specialist contracting side, where the present problems mainly reside, and Slater Walker, SW has some £4.5m. on loan to Spreckley and further very substantial loans to Cambourne Securities, Spreckley's parent company, which is a private limited company.

Mr. Charles Spreckley, chairman, and his co-director, Mr. Ramon Greene. Mr. Walker said yesterday: "To-morrow will be the crunch day. We've said we can't continue like this; it must be settled one way or the other to-morrow."

On Monday he had stated that, if the National Westminster did not increase its lending facilities, it was likely that the parent would have to ask the bank to appoint a receiver.

Peat Marwick Mitchell have just been called in as accountants and advisers to the National Westminster. Slater Walker is advised by merchant banks Hambros Bank and N. M. Rothschild and Sons.

## Country &amp; New Town

VIRTUALLY unchanged pre-tax profits of £137,000, against £139,000, are announced by Country and New Town Properties for the six months to July 31, 1975—for the previous full year the figure was £681,373.

First half tax absorbs £11,000 (£72,000), leaving £166,000 net, compared with £27,000. Minorities amount to £20,000, against £17,000. For the full year 1974-75 a one-only dividend of 0.65p net was paid.

The directors report that there were no profits from property dealing during the half year. Heavy interest charges have again been incurred but consistent with the present policy, certain investment properties have been sold with the object of reducing short-term indebtedness.

The overseas subsidiaries continue to contribute profitably. Statement, Page 8

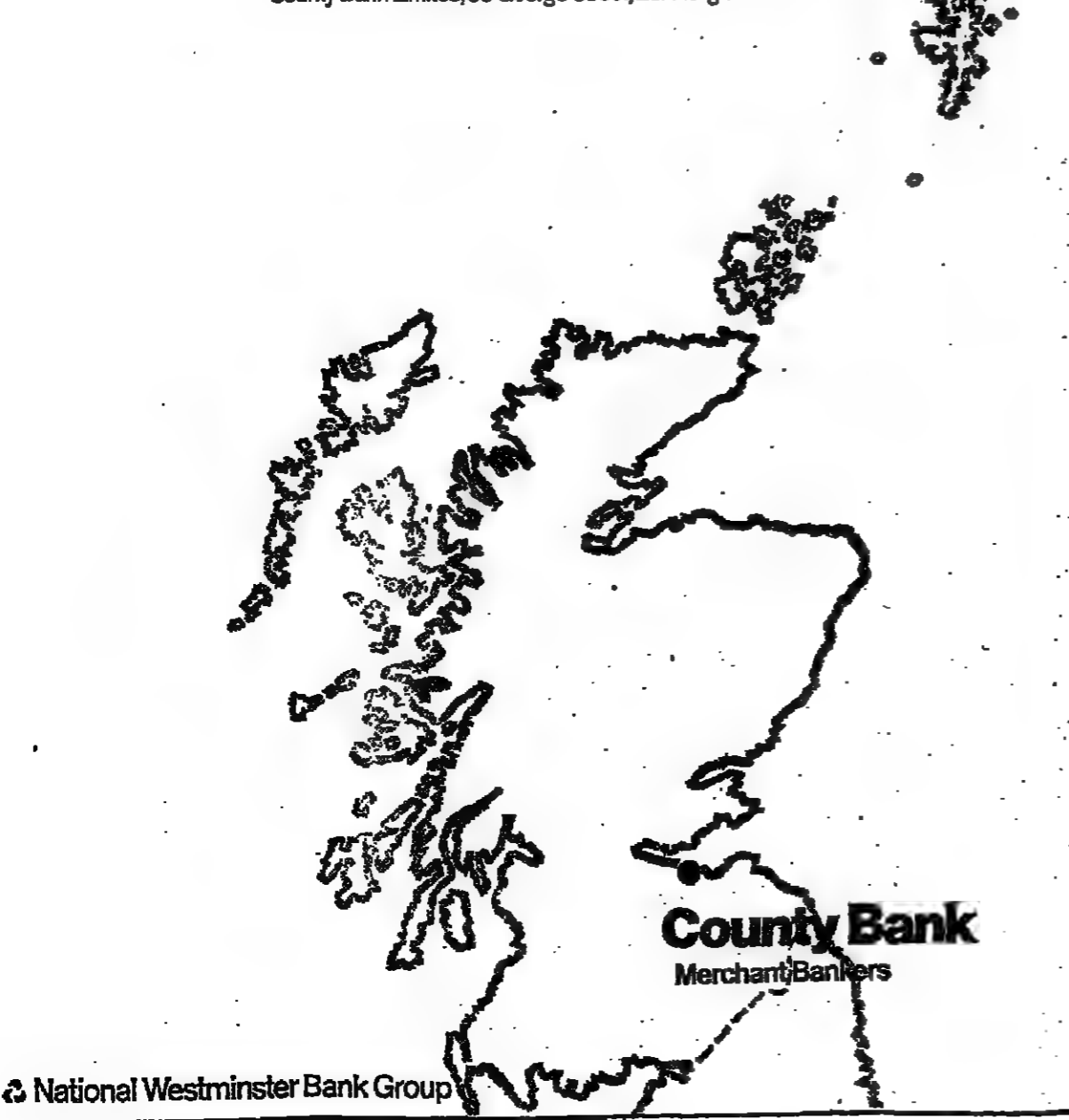
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# Second half lifts BAT earnings to £137m.

REFLECTING A strong second half, net attributable profits of British-American Tobacco expanded from £117.7m. to £136.9m. for the year ended September 30, 1975.

When reporting on the first half—an increase from £58.2m. to £68.9m.—the directors said that provided there was no significant change in exchange rates some further improvement was expected in attributable profits for the second half.

The directors now report that changes in exchange rates over the year had a favourable effect of £10.6m. on the sterling equivalent of BAT's interest in the group profit.

Turnover increased from £3,496m. to £4,350m., including £1,380m. (1974) duty and excise on tobacco, and profits at the pre-tax level emerged ahead at £376.48m. compared with £249.44m. struck after heavier interest of £48.1m. (£38.3m.).

Earnings per 25p share are stated to be up from 45.5p to 55.7p and from 44p to 51.4p fully diluted.

The amount retained in inflation reserves is raised from £41.37m. to £51.36m. The directors point out that the method used in computing the amount to be set aside because of the inflationary element in group profits is unchanged from that used last year.

The dividend is raised by the maximum permitted from 10.41p to 11.06p net with a final of 4.31p. A first interim of 3.5p (3p) is also declared in respect of the current year. The deferred stock which will be converted to ordinary on March 18 ranks for this interim.

Commenting on the tobacco division the directors explain that turnover increased as a result of a small expansion in sales volume and higher selling prices. In Europe, U.K. exports worldwide showed growth but sales in most Continental domestic markets declined slightly, including Germany.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are notified for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's practice.

**TO-DAY**  
Interim—Hillards, Mining Supplies, Benjamin, Frit, Standard Holdings, Viscoplast.

**FUTURE DATES**

Exxon Feb. 11  
Nespeard Feb. 12  
Thames Valley Growth Feb. 12  
Fluor Feb. 12  
Direct Spanish Telegraph Feb. 12  
Manu and Overton Feb. 12  
United States Debit Corp. Feb. 12  
Winer (Thomas) Feb. 12

where rising costs reduced profits, although after a price increase margins recovered. In the U.S., Brown and Williamson's sales volume was slightly down, but profits improved, having benefited from a price increase. Sales continued to expand rapidly in Brazil and profits improved, as did profits from most other companies in Latin America.

In Asia and Africa most companies experienced conditions of adverse economic conditions and rising costs; consequently profits were slightly lower.

On the retail side rising prices increased turnover and in the U.S. profits improved. Consumer spending in the U.S. was depressed earlier in the year but improved in the last quarter as the economy picked up.

Gimbels and Saks Fifth Avenue also benefited from better expense control and productivity. Kohl Corporation expanded and increased turnover but profitability was restrained by intense competition.

In the U.K., the profitability of International Stores declined because price increases failed to compensate for increased expenses, the directors state.

As regards paper, a serious decline in demand was suffered throughout the industry. The impact was felt particularly in the paper making activities of Wiggins Teape in the U.K. and Belgium with the result that profits were virtually halved.

In the cosmetics division Yardley and Letheric-Morray U.K. sales improved and, despite inflation costs and price control, there was a small profit growth.

The recession in North America and consequent restricted buying by the retail trade affected Yardley, although Germaine Montell continued to trade profitably.

The group's net contribution to the U.K. balance of payments including dividends and other income from overseas and exports from the U.K. but after

## Setback at Abbey—cuts interim

deducting payments for imported raw materials used in this country was some £104m. (£90m.).

See Lex

FROM more than maintained external sales of £8.87m. against £8.17m. first half pre-tax profits of the Dublin-based Abbey group have slumped from £803,000 to £220,000, with the net attributable balance falling from £208,000 to £115,000.

The interim dividend is halved to 0.5p less tax, per 25p share. Total for the year to April 30, 1975, was 2p, paid from taxable profits of £1.04m.

Group activities cover residential housing, plant hire, builders' merchanting, engineering, commercial property, and stationery manufacture. The directors say the results, when viewed in relation to the conditions currently prevailing, are not unexpected. However, the financial state remains "very strong" and the improved gearing ratios previously reported have been maintained, they add.

Costs continued to rise without adequate reduction in selling prices and margins have been further eroded, which coupled with the continued interest burden has led to the fall in profits.

A significant portion of the interest charge relates to assets acquired in 1973-74 which are at present unremunerative due to the main to the depressed economic climate. Each of these is being examined with a view to achieving its optimum utilisation, the directors report.

They do not envisage any significant improvement in the industrial environment in the remaining part of the year, but on the basis of trading to date they expect the company will at least maintain a similar level of activity in the second six months.

As at January 31, 1976, Abbey's net assets stood at £12.15 p.m.

At the Board meeting, Mr. W. F. Dorrell, chairman of Abbey, said that the losses sustained in the half-year to September 30, 1975—£103,000—were the result of the depreciation caused by the fall in the value of the pound sterling and the fall in demand by customers resulting from both a reduction in consumer sales and de-stocking.

He points out, however, that their effect will be less marked in the second half since the installation of all equipment in the Abbey Street has been completed and the first signs of a recovery in demand from customers is being seen. For the year to March 31, 1975 there was a loss of £97,000.

Referring to the recent acquisition by TCK Group of 29.9 per cent. of the company's shares and the appointments to the Board, Mr. Dorrell said that, in order to

facilitate close co-operation with TCK, he plans to relinquish his position as chairman in favour of Mr. S. E. Rowlinson. This will enable him to concentrate full time as managing director.

The company manufactures pressings and assemblies.

As reported on January 15, group pre-tax profit increased from £204,433 to £243,113 in the year to September 30, 1975, against exceptional items of £356,130 (£48,000). The dividend is raised from 1.65p to 1.21p net.

In the main there was a steady flow of sales and cars and commercial vehicles, and overall a greater number of units was sold. Turnover increased from £13.34m. to £13.72m. in the year to September 30, 1975, with 2p, paid from taxable profits of £1.04m.

Turnover of the service and parts operations was well up and satisfactory profits were earned by the parts department. Service profits were depressed primarily because service charge-out rates were maintained.

Contract hire, leasing and short-term hire continued to progress and made satisfactory contribution to profit, while the turnover of Jansons (Coach Builders) was well in excess of the previous year and its contribution to profit was "very satisfactory".

Cash and bank balances increased by £111,505 (decrease £170,389) and there was a reduction of £102,395 (increase £142,111) in short term borrowings.

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# Braid 'well placed' for growth

ALTHOUGH IT is difficult to predict the future of vehicle distributors, Braid Group, the directors expect the company to be "well-placed to meet increasing demands" when the economic upturn commences.

Stating this in his annual review the chairman, Mr. D. C. Bamford, says the directors believe the introduction of new Vauxhall models will help to capture a higher proportion of the total market than hitherto.

As reported on January 15, group pre-tax profit increased from £204,433 to £243,113 in the year to September 30, 1975, against exceptional items of £356,130 (£48,000). The dividend is raised from 1.65p to 1.21p net.

In the main there was a steady flow of sales and cars and commercial vehicles, and overall a greater number of units was sold. Turnover increased from £13.34m. to £13.72m. in the year to September 30, 1975, with 2p, paid from taxable profits of £1.04m.

Turnover of the service and parts operations was well up and satisfactory profits were earned by the parts department. Service profits were depressed primarily because service charge-out rates were maintained.

Contract hire, leasing and short-term hire continued to progress and made satisfactory contribution to profit, while the turnover of Jansons (Coach Builders) was well in excess of the previous year and its contribution to profit was "very satisfactory".

Cash and bank balances increased by £111,505 (decrease £170,389) and there was a reduction of £102,395 (increase £142,111) in short term borrowings.

As at January 31, 1976, Abbey's net assets stood at £12.15 p.m.

At the Board meeting, Mr. W. F. Dorrell, chairman of Abbey, said that the losses sustained in the half-year to September 30, 1975—£103,000—were the result of the depreciation caused by the fall in the value of the pound sterling and the fall in demand by customers resulting from both a reduction in consumer sales and de-stocking.

He points out, however, that their effect will be less marked in the second half since the installation of all equipment in the Abbey Street has been completed and the first signs of a recovery in demand from customers is being seen. For the year to March 31, 1975 there was a loss of £97,000.

Referring to the recent acquisition by TCK Group of 29.9 per cent. of the company's shares and the appointments to the Board, Mr. Dorrell said that, in order to

facilitate close co-operation with TCK, he plans to relinquish his position as chairman in favour of Mr. S. E. Rowlinson. This will enable him to concentrate full time as managing director.

The company manufactures pressings and assemblies.

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## S. Webster turns in £2.34m.

AFTER additional contributions of £178,000 to the pension scheme, and interest charges, taxable profit of Samuel Webster and Sons, brewers, advanced from £1,721,000 to £2,340,000 in the 52 weeks ended September 27, 1975.

Earnings per 50p share are shown to be up from 15.5p to 23p. Through, Wayne Mann and Truman Holdings, which owns all the issued Ordinary capital, the company is a subsidiary of Grand Metropolitan.

1974-75 1975-76  
Sales £17,362 £17,362  
Interest charges 17,362 17,362  
Taxable profit 1,721,000 2,340,000  
Less: £178,000 £178,000  
£1,543,000 £2,162,000

THE INCREASE in profit indicated by Bond Street Fabrics turns out to be from £227,145 to £294,433 before tax for the year to September 30, 1975, after £145,000, against £110,000 for the first half. Sales for the year expanded from £5.63m. to £6.85m.

And the directors report that sales and profits for the first quarter of the current year are ahead of those for the first quarter of last year.

Stated earnings per 10p share for the past year advanced from 4.7p to 8.6p. A final dividend of 1.56p makes a maximum permitted total of 2.6p net, compared with 1.7p for the previous year and with 2.8p for 1973-74.

The results were achieved in an economic climate in which many companies in both double knit and knitwear industries traded at a loss, the directors point out.

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## Bond Street Fabrics progress

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## ENTERTAINMENT GUIDE

## THEATRES

**RA & BALLET**  
**NATIONAL OPERA**  
 7.30, 9.30, 11.30  
 The Ring Cycle: Siegmund and Sieglinde, Brunnhilde, Hunding, Loge, Wotan, Fricka, Balder, Freia, Vali, Vili, Odin, Loki, Thor, Tyr, Heimdall, Fenrir, Jormungandr, the Gods, the Giants, the Elves, the Dwarves, the Norns, the Valkyries, the Einherjar, the Musphingars, the Lullabies, the Funeral, the Ragnarok.

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## Invicta flies again under new ownership

By Michael Dunne, Aerospace Correspondent

INVICTA INTERNATIONAL, the independent airline which ceased flying on September 30 last year, is back in the air. Its name, goodwill and assets have been wholly acquired by airbrokers Universal Air Transport Sales (UATS) from Invicta's parent company, European Ferries. The amount involved in the deal is not disclosed.

Flying by Invicta resumed on January 3, employing two British-made turbo-prop aircraft on long haul freight services between the UK and 17 countries in Europe, the Middle East and North Africa. Eventually, it is intended to resume passenger operations.

Invicta International has now been reconstituted as a company with fully paid share capital of £50,000 and a staff of 40. Mr. Hugh Kennard, former joint managing director of Invicta and chairman of UATS, is managing director of the new company.

**Confident**  
 Mr. Kennard said yesterday: "I am confident that Invicta will again become a major charter airline, Invicta handled around 10m. kilograms in the financial year 1974-75, and is conservatively budgeted to carry at least the same in 1976."

The new parent company of Invicta, UATS, was founded in 1974. It is a member of the British Airline Industry, and is engaged in a wide variety of international passenger and cargo operations. Mr. Michael Harridine, managing director of UATS, says that ownership of Invicta will not significantly alter the amount of trading that UATS does with other airlines. Invicta's business will be generated mainly by its own sales team.

UATS is aiming to use the airport facilities at Manston, Kent, that it has acquired from European Ferries to develop the airport as a major freight and passenger terminal in the South-East.

**Bristol network for Jobcentre**  
 BRITAIN'S first network of seven government Jobcentres opened in Bristol yesterday and will soon be joined by others. A Transmation system ensures that vacancies go on display immediately in all Jobcentres.

The Bristol network is likely to be followed soon in such other areas as Newcastle and Manchester. Over 100 Jobcentres are now open with distinctive orange facias.

CINEMAS ARE CONTINUED ON PAGE 14

## STOCK EXCHANGE BUSINESS IN JANUARY

## Active trading in Gilts raises turnover to record £16.8bn.

BY GEOFFREY FOSTER

GILT-EDGED trading, which rose by a remarkable 29bn, last year to £67.2bn, nearly 76 per cent above the 1974 level, continued to boom on the Stock Exchange last month.

The trend towards lower interest rates, both at home and in the U.S., resulted in institutional buying of gilts on a phenomenal scale. During the month three "tap" stocks were exhausted, and one planned £500m. replacement tranche of Treasury 8½ per cent 1980 stock was not operated at "tap" because of heavy initial subscription.

Turnover in gilt-edged last month jumped by £8.6bn, more than 22 per cent, to a record £13.7bn, well above the previous peak of £8.4bn recorded in January 1975. Trade in short-dated stock contributed more than half the record total at £7.3bn, virtually double the £3.7bn in December.

**Lending rate**  
 The average value per bargain in the shorts rose to £260,076 last month compared with December's £189,347, and the total number of gilt-edged bargains improved by 26,346 on the month to 79,630. The FT Turnover index for Ordinary Shares gained 58.9 compared with a 1975 average of 237.2.

The 1½ per cent reduction in the Minimum Lending Rate to 10 per cent during the month and the subsequent cuts in clearing bank base rates together with continued cuts in U.S. rates provided the main stimulus for the unprecedented volume of gilt-edged buying last month.

The absence of tap stocks towards the end of the month led to extremely large gains in prices; rises of £2 to £3 in a day were not uncommon and such January 21 before surging for movements were often reflecting ward to close the month 11.1 per cent up at a 1975-76 high of £17.4. At this level the index was 188.9 per cent up on last January's 20-year low of 146.0, a new peak of 318.6 more than double the 1975 average of 340.1.

Gold share prices in January 20 before closing the month 22.7 down at 318.3.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	7,344.0	43.6	26,228	5.1	349.7	260,076	1,345
Others	4,380.0	37.9	81,382	9.2	303.8	134,149	2,447
Irish Government	734.6	4.4	3,335	0.6	35.0	207,806	168
U.K. Local Authority	345.7	2.2	4,134	1.2	17.4	59,598	292
Overseas Govt. Provincial and Municipal	39.4	0.2	1,877	0.3	1.9	21,003	39
Fixed Interest Stocks Pref. and Prefd. Ordinary Shares	143.2	1.0	39,010	7.0	7.8	4,183	1,857
Ordinary Shares	1,798.7	10.7	426,546	76.6	85.4	4,217	20,312
Total	16,825.7	100.0	556,722	100.0	180.1	30,322	26,510

\* Average of all securities

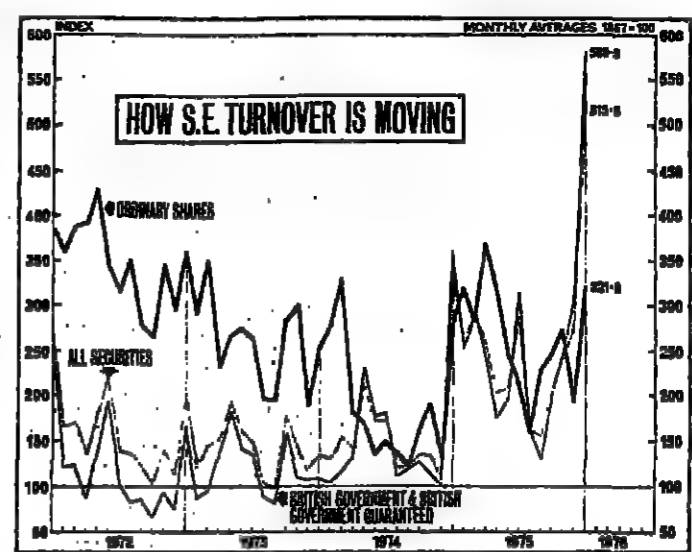
value of 58.9, it forged ahead to end last month nearly 9 per cent up at a 1975/76 high of 68.21.

The strength of gilts led to much improved activity in equities, where business volume last month rose by £0.7bn, to £1.8bn, the highest since last April's 1972. The record was set in May 1972 at £2.1bn.

Dealings in equities rose by 143,221 to 426,546, and the average value per bargain was, at £4.217, slightly higher than in December. The FT Turnover index for Ordinary Shares gained more than 68 per cent on the month to 321.0, the highest since last April's 385.0. The 1975 average was 230.8.

**Industrials**  
 Equity prices improved steadily, and, from an end-December level of 315.7, the Financial Times Industrial Ordinary share index touched 403.3 on January 18, eased back to 388.4 on January 21 before surging for movements were often reflecting ward to close the month 11.1 per cent up at a 1975-76 high of £17.4. At this level the index was 188.9 per cent up on last January's 20-year low of 146.0, a new peak of 318.6 more than double the 1975 average of 340.1.

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## MANUFACTURERS HANOVER CORPORATION New York

Consolidated Statement of Condition, December 31, 1975

ASSETS	(In Thousands)
Cash and Due from Banks	\$ 5,648,512
Interest Bearing Deposits with Banks	3,185,775
U. S. Government and Federal Agency Obligations	515,431
Obligations of States and Political Subdivisions	919,487
Other Securities	180,047
Total Securities	1,614,965
Loans	15,853,203
Federal Funds Sold and Securities Purchased under Agreements to Resell	212,800
Total Loans	16,066,103
Less: Reserve for Possible Loan Losses	(141,648)
Unearned Discount	(78,360)
Net Loans	15,846,095
Lease Financing Receivables	800,535
Premises and Equipment	161,342
Customers' Liability on Acceptances	885,566
Accrued Interest Receivable	245,256
Other Assets	122,473
Total	\$28,390,519
LIABILITIES	
Demand Deposits	\$ 9,305,753
Savings Deposits	1,157,927
Other Time Deposits	5,131,742
Deposits in Overseas Offices	2,875,551
Total Deposits	23,470,973
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	1,166,987
Commercial Paper	514,669
Other Borrowed Funds	200,567
Acceptances	896,304
Accrued Taxes and Other Expenses	407,033
Dividend Payable	13,361
Other Liabilities	123,196
Long-Term Debt	497,076
SHAREHOLDERS' EQUITY	
Preferred Stock (without par value)	
Authorized—20,000,000 shares	
Outstanding—22,320 shares	1,116
Common Stock (par value \$7.50)	
Authorized—40,000,000 shares	
Outstanding—29,691,166 shares	222,684
Surplus	341,083
Undivided Profits	433,470
Total Shareholders' Equity	998,353
Total	\$28,390,519

International Division: 380 Park Avenue, New York, N.Y.

London Branches:

City Office: 7 Princes St, EC2P 2LR

Grosvenor Square, 88 Brook St, W1A 4NF

Buckingham Branch: Bedford Square, London WC1R 4EJ

Finsbury Branch: 3 Aldgate, London E3 3JF

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Companhia  
 Vale do Rio Doce  
 Rio de Janeiro, Brazil

DM 70,000,000  
 9% Bearer Bonds of 1976

Offering Price: 98 1/2 %

BANCO DO BRASIL S.A.	DRESDNER BANK	BANQUE BRUXELLES LAMBERT S.A.
CREDIT SUISSE WHITE WELD	ANTIKREDSITBANK	KUWAIT INVESTMENT COMPANY
ABD SECURITIES CORPORATION	ALAHU BANK OF KUWAIT (K.S.C.)	ALGEMENE BANK NEDERLAND N.V.
A. E. AMES & CO.	ARAB FINANCE CORPORATION S.A.L.	JULIUS BAER INTERNATIONAL
BANCA COMMERCIALE ITALIANA	BANCA NAZIONALE DEL LAVORO	BANCO DI ROMA
BANK LEU INTERNATIONAL LTD.	BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT (B.A.I.I.)	BANQUE DE L'INDOCHINE ET DE SEUGE
BANQUE DE L'UNION EUROPEENNE	BANQUE DE NEUFVILLE, SCHLUMBERGER, MALLAT	BANQUE DE PARIS ET DES PAYS-BAS
BANQUE FRANCAISE DU COMMERCE EXTERIEUR	BANQUE GENERALE DU LUXEMBOURG S.A.	BANQUE INTERNATIONALE A LUXEMBOURG S.A.
BANQUE LAMBERT - LUXEMBOURG S.A.	BANQUE NATIONALE DE PARIS	BANQUE POPULAIRE SUISSE S.A. LUXEMBOURG
BARCLAYS BANK INTERNATIONAL LTD.	BARING BROTHERS & CO. LIMITED	BANQUE HYPOTHEQUE-UND WEGSEL-BANK
BAYERISCHE LANDESBANK	BAYERISCHE VEREINSBANK	JOH. BEHNENBERG, GOSLER & CO.
BERGHEIM BANK	BERLINER BANK	BERLINER HANDELS-UND FRANKFURTER BANK
CAPITALFIN INTERNATIONALE S.p.A.	ANTIKREDSITBANK	COMMERCIALBANK
COMPAGNIE LUXEMBOURGEOISE	CITICORP INTERNATIONAL BANK	ANTIKREDSITBANK
CREDITANSTALT-BANKVEREIN	CREDIT COMMERCIAL DE FRANCE	CREDIT LYONNAIS
DEUTSCHE GROSZENTRALE	DELBROCK & CO.	DEN DANSKE LANDMANNDBANK
DEUTSCHE KOMMUNALBANK	DEUTSCH-SUDAMERIKANISCHE BANK	DEUTSCHE BANK
DILLON, READ OVERSEAS CORPORATION	DEUTSCHE LONDEBANK	ANTIKREDSITBANK
FIRST BOSTON (EUROPE) LIMITED	EFFECTENBANK - WARBURG	DEUTSCHE GROSZENTRALE
HAMBROS BANK	GIROZENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN	GOLDMAN SACHS INTERNATIONAL CORP.
HEIDISCHE LANDESBANK	HARDY & CO. G.M.B.H.	GEORG HAUCK & SOHN
GIROZENTRALE	HILL, BAUMEL & CO. LIMITED	INDUSTRIEBANK VON JAPAN (DEUTSCHLAND)
KIDDER, PEARSON INTERNATIONAL LIMITED	KLEINWORT, BENSON LIMITED	ANTIKREDSITBANK
KREDBANK S.A. LUXEMBOURGEOISE	KUWAIT FOREIGN TRADING CONTRACTING AND INVESTMENT CO. S.A.C.	KREDBANK N.V.
KUWAIT PACIFIC FINANCE COMPANY LIMITED	LAZARD BROTHERS & CO. LIMITED	KUWAIT INTERNATIONAL INVESTMENT CO. S.A.C.
MERCK, FINCK & CO.	MERRILL LYNCH INTERNATIONAL & CO.	MANUFACTURERS HANOVER LIMITED
MORGAN STANLEY INTERNATIONAL	MORGAN GRENPELL & CO.	B. METZLER SEEL, SOHN & CO.
NEW COURT SECURITIES CORPORATION	NORDDEUTSCHE HYPOTHEKEN-UND WEGSELBANK	THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA)
OSTERREICHISCHE LANDESBANK	PENSON, HELDING & PIERSON	NORDDEUTSCHE LANDESBANK
ANTIKREDSITBANK	J. HENRY SCHRODER WAGG & CO.	GIROZENTRALE
SALOMON BROTHERS	SMITH, BARNEY & CO. INCORPORATED	POST- UND KREDITBANKEN, KISGANGEN
SKANDINAVISKA ENSKILDA BANKEN	SUMITOMO WHITE WELD LIMITED	SCHROEDER, MUNCHMEYER, HENGST & CO.
SOCIETE GENERALE DE BANQUE S.A.	TRINKAUS & BURKHARDT	SOCIETE GENERALE
SWISS BANK CORPORATION (OVERSEAS) LIMITED	J. VONTOBEL & CO.	SVENSKA HANDELSBANKEN
VEREINS- UND WESTBANK	WESTLÄNDISCHE LANDESBANK	UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
ANTIKREDSITBANK	WOOD GUNDEY LIMITED	

## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## W. German life insurers report record business

BY GUY HAWTIN

WEST GERMANY'S life insurers are reporting record business during 1977. Although the final figures have yet to be tallied, it is expected that, for the first time ever, the funds administered by the insurers will exceed the DM70bn point.

Figures just produced by the industry show a handsome 13.6 per cent growth rate for the first 11 months of last year. By the end of November funds controlled by the insurers totalled DM65.3bn. If the growth rate was maintained in December—and all indications are that it was—the insurers' funds would probably total more than DM71bn.

Many factors contributed to heavy increase in life insurance sales, not the least being the recession. There was a boom in savings during 1975 and most forms of savings, particularly bank savings deposits, registered very high growth rates.

Some analysts here believed that insurers would have picked up even more business had it not been for the problems of the Gerling concern. They point out that the Germans, whose traditional response to an economic downturn is to put as much as

they can away for a rainy day, tend to go for security rather than return.

That said, Allianz Versicherung of Berlin and Munich, West Germany's largest insurance group, announced that its 1977 figures would be satisfactory despite a measurable decline in earnings.

Dr. Wolf, chief executive, said that it was hoped that the supervisory Board would not have to recommend a lower dividend than in 1974.

Observers here interpret this as meaning that shareholders can expect the same payout as last year. They believe that the Allianz supervisory Board will consolidate last year's DM350 per DM50 nominal share plus a DM1 bonus into a full DM9.50

FRANKFURT, Feb. 3.

per share dividend. The key to the year's results was the group's pension earnings. In this sector claims appear to have been some what higher than last year to the detriment of earnings. Against this return in the group's general business were up.

Last year's marked upturn in the stockmarket led to a much healthier picture from the group's share dealing operations, and actuarial business during 1977 remains in the black said Dr. Schieren.

Results were also positive in Allianz's motor insurance business despite a small 0.2 per cent fall back in premium income. It is, however, believed that motor insurance will go into the red

during 1978.

## Ruhrgas capital increase

BY GUY HAWTIN

FRANKFURT, Feb. 3.

RUHRGAS, West Germany's largest supplier of natural gas, today announced that it is to increase its capital to a nominal DM295m, with a new issue of shares worth a nominal DM30m.

The decision of the supervisory Board follows authorisation by the company's annual meeting on September 5 for an increase in capital of up to a nominal DM60m.

## Munich bank optimism

BY GUY HAWTIN

FRANKFURT, Feb. 3.

BAYERISCHEN Vereinsbank's preliminary report on 1977 shows a worthwhile growth in both savings deposits and mortgage business. There has been a considerable growth in the balance sheet total and a substantial rise in profits may be indicated by the plans to increase the dividend.

The Munich bank's balance sheet total by December 31 totalled DM23.5bn, recorded at the end of 1974. An interim report on the first 10 months, published in December, showed a 5.3 per cent rise in the balance sheet total, bringing it to DM24.9bn. In 1974, the balance sheet total growth rate was 7.3 per cent.

Customers' deposits rose from 1974's DM12.3bn. to DM15bn.—a gain of 22 per cent. Of this figure, savings deposits showed a 19.8 per cent increase, rising from DM4.6bn. at the end of December, 1974, to DM5.5bn. Advances to customers rose by 7 per cent, to DM9.5bn.

In the bank's mortgage business, bond circulation rose 20 per cent, to reach DM9.6bn., while mortgage loans went up by 22.9 per cent, from DM8.14bn.

to DM10bn. In the report on the first 10 months, the bank commented that total mortgage demand—at nearly DM1.49bn.—was half as high again as in 1974.

The balance sheet total for the Bayerischen Vereinsbank group as a whole showed an advance of 18.9 per cent, from DM41.2bn. to DM49bn. However, included in this total for the first time are the figures of Bankhaus Friedrich Simon & Co. Dusseldorf, in which the Vereinsbank increased its interest to 90 per cent. last year.

A dividend of 20 per cent is being recommended for the year. If it is accepted by the April 30

annual meeting, the increase will bring the bank's dividend back to its traditional level, after 18 per cent, paid for 1973 and 1974.

The annual meeting, it is understood, will also be asked to approve an increase in the bank's authorised capital. Last spring, the bank—one of West Germany's largest regional banks—increased its share capital, through a one-for-ten rights issue, by DM24m. to a nominal DM260m. Largely as a result of the issue, at a price of DM130 per DM50 nominal share, the bank's own capital resources went up from DM863m. at the end of 1974 to over DM1bn.

## Landesbank 12 per cent. growth

DUSSELDORF, Feb. 3.

Westdeutsche Landesbank Girozentrale earned good profits last year and raised its balance sheet total by some 12 per cent, to DM64.4bn., according to chairman Ludwig Poulakis.

The "interest surplus" rose by

around a third from the previous year's DM39m., with other profits also growing strongly.

The balance sheet growth compared with a planned increase of 10 per cent, he added. In 1974, the bank made a net profit of DM115m.

## Amfas single premium income boost

BY MICHAEL VAN OS

AMSTERDAM, Feb. 3.

AMFAS, a major Dutch insurance company, has reported that its provisional sales in 1977—the total of premium income and income from investments—rose to about Fls.82m., 11 per cent, up on the year before. The turnover figure excludes single premium payments—and if these are included, the turnover has risen very sharply indeed—by 41 per cent, to Fls.93m. This compares with a 13 per cent increase recorded in 1974.

The Amfas statement from Rotterdam also confirmed the December statement that net profits had gone up 9 per cent, to Fls.13.3m. the year before.

The company's premium income for life insurance, excluding single premium payments, has risen 10 per cent, to about Fls.268m. But there has been a particularly sharp increase in single premium payments, which have no influence on profits.

Premium income from accident insurance has gone up by at least 10 per cent, to around Fls.355m. This compares with a 24 per cent increase the previous year.

Amfas' total premium income, excluding life single premium payments, went up by an unchanged 10 per cent, to about Fls.520m. The company's revenue from investments has gone up by an unchanged 15 per cent, to about Fls.175m.

In December last year, the company announced for the first time an interim dividend of Fls.1.30 per share of Fls.20, to bring it more into line with the dividend policy of other domestic insurance companies. The full 1974 dividend was Fls.4.50.

Lip is obviously considered by the authorities to be a special case because of the leading role it took in social conflicts in 1973, when its workers occupied their factory and continued production by themselves after their company had been declared bankrupt.

Lip's competitors argue however, that thanks to the recession, their own situation is not much better and that certain companies have had to reduce working hours to as little as 30 hours per week.

## Recovery at Svenska Flakt

By William Duffell

STOCKHOLM, Feb. 3. SVENSKA FLAKT, the Swedish industrial ventilation and air conditioning group, shows a 10 per cent improvement in pre-tax profits to Kr.22m. (€2.2m.) for 1977 after a growth in sales from Kr.135m. to Kr.145m. (€13.5m.).

The result indicates a strong second half recovery after a 44 per cent drop in profits for the first six months.

The management, however, is cautious about prospects for the current year, and forecasting unchanged profits despite an order half recovery after a 44 per cent drop in profits for the first six months.

The parent company reports pre-tax profits of around Kr.61m. (€6.1m.) and net earnings of Kr.15.6m. (€1.56m.). The Board is recommending a Kr.1.50 increase in the dividend to Kr.13.50 per share for 1977.

It also proposes to raise the share capital by Kr.62m. to Kr.195m. (€19.5m.) through a one-for-three bonus issue and a one-for-three rights issue after a split in the nominal value of the shares from Kr.100 to Kr.50 each.

All the new shares would be entitled to a dividend from 1976, and the equity increase is motivated by the group's plans for expansion and the need to improve the equity-capital employed ratio.

The annual meeting, it is understood, will also be asked to approve an increase in the bank's authorised capital.

Last spring, the bank—one of West Germany's largest regional banks—increased its share capital, through a one-for-ten rights issue, by DM24m. to a nominal DM260m. Largely as a result of the issue, at a price of DM130 per DM50 nominal share, the bank's own capital resources went up from DM863m. at the end of 1974 to over DM1bn.

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## Chile seeks \$200m. loan

BY HUGH O'SHAUGHNESSY

CHILE is attempting to raise a \$200m. loan in the U.S. capital markets, according to banking sources in London. This news follows the announcement by Sr. Jorge Cauas, the Chilean Economy Minister, that Chile would not this year seek to renegotiate its foreign debts as it sought to last year. Chile's total foreign debt is estimated at around \$2.5bn.

Sr. Cauas' announcement sparked off speculation about where the Chilean authorities would borrow the money, given that the outlook for a rally in the present low price of copper.

Chile's major export item, is problematical. Sources in Cape Town and Johannesburg have to attract Arab money into

strongly denied that South Africa would be a source of finance for Chile, as had been rumoured in New York. Chile has been reported to have received funds through Brazil, but this source, according to bank circles, has dried up.

Meanwhile the World Bank yesterday approved a \$33m. 8 1/2 per cent loan to Chile for the development of the copper industry. The loan had been opposed

less severely by Britain. The loan is to two state copper organisations, CODESA and ENAMI.

Sr. Cauas is this week heading a mission to Egypt, Saudi Arabia and Jordan which seeks to attract Arab money into

ventures in Chile. These include textiles, stores, timber and prefabricated housing.

At the same time the Chilean State development agency, CORFO, is preparing new loan applications to the World Bank and the U.S. Agency for International Development for the development of geothermal and solar energy plants which would reduce Chile's great dependence on imported oil, and for agricultural development.

The Chilean Central Bank has announced that it is reducing from 18 to six months the minimum period that foreign financial loans may be accepted by Chilean borrowers.

## PPC details Cape terms

BY RICHARD ROLFE

JOHANNESBURG, Feb. 3.

PRETORIA Portland Cement, controlled 31 per cent by Barlows, has published offer documents in connection with its bid for Cape Portland by means of a scheme of arrangement, the terms being one PPC share (now 280c in Johannesburg) plus 40c in cash, or 370c cash against the market price of 280c for Cape.

The documents come just after the interim figures for both companies to end-December which show substantial profit increases, from 23c to 32c per share for PPC and from 34c to 34c for PPC.

The forecast for the full year to June 30, 1978, is, however, that Cape's earnings will be unchanged overall at 55c and that PPC's will rise from 55c to 57c. The forecasts are well-timed

to attract any wavering minority shareholders in Cape, in which PPC has 58 per cent, and the Board presumes the point by stating that the minority will have a more broadly based investment in the cement industry without 'forfeiting any earnings, dividend or asset advantages' by acquiring PPC shares in place of their Cape holdings.

Official figures purport to show that Cape shareholders' income and asset backing will be improved by acceptance, asset value for Cape at June 30, 1977, being 577c per share and that of PPC 554c per share. Shareholders' meetings to consider the scheme will be held in Cape Town on February 28.

Respective turnover for the year to last June was R60m. for PPC and R13m. for Cape but both figures will be boosted by the latest cement price increase, gazetted on Monday, by 15.3 cents per 50 Kg. pack. This is partially cost recovery, reflecting higher coal prices, and brings the total rise in cement prices to about 26.6 cents in 12 months. The cost of a 90 Kg. pack is now 120 cents.

Interesting figures are released on replacement costs of the two companies' assets. The directors' put costs of new cement capacity at R50 per ton and they value Cape's total replacement cost at R55m. in consequence, against a market capitalisation of only R45m. for PPC, cost of replacement is put at R210m. on the same basis, while at 260 cents the market values the company at R34m.

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## Patrick creditors disagree

BY JAMES FORTH

SYDNEY, Feb. 3.

THE PROSPECTS of unsecured creditors of failed sharebroker

## FINANCIAL TIMES REPORT

Wednesday February 4 1976

## OPENCAST MINING

The energy crisis of 1973 gave a boost to the prospects for opencast coal mining, an industry which had been in decline for some time. Production has risen since then to 10m. tons a year, a figure which it is planned will reach 20m. tons by 1980. Known reserves are widespread and large.

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se

and the land returned to its original state (apart from being a few feet lower) was practised in Britain before the last war to reach iron ore in the Jurassic Escarpment running from Yorkshire south down through Lincolnshire and the Midlands. The opencast coal mining industry was born in 1942 as a way of boosting Britain's coal production quickly and cheaply during the war. The term "legitimate mining" is said to have actually been used at the time by officials to differentiate between this strange upstart of a mining method and the traditional deep mines.

ERS who work op pits sometimes n on the opencast "sunshine miners." and politicians have many worse things last 33 years, as tacks have been opencast mining as of the peace and countryside.

he one hand, their industry tending to cast operations as "aberration away mate mining" and r, the implacable a section of the It is small wonder opencast section of ended to be defen- times during that secretive about its

cast process of re- earth to reach reath, later replac- to be consolidated

The opencast coal industry might even have been closed at the end of the war had it not been for a desperate fuel shortage aggravated by the harsh winter of 1947. The result of the fuel crisis was that opencast mining was expanded as fast as possible as a vital contribution to the nation's fuel needs. By 1958 the Opencast Executive, a self-contained unit within the National Coal Board, was making a 14m. tons a year contribution to the total coal output. That year proved to be a high point in opencast production which has not been achieved since. Instead the industry was to suffer a series of misfortunes and contractions from then on, which damaged morale within and warned off the outside contractors who are responsible for actually working the opencast sites.

The 1960s were a bad time for the opencast industry. Mr. D. J. Davison, managing director of the Opencast Executive, looks back on it as the "cheap energy era." There was an

1960s the industry was producing under 8m. tons of opencast coal a year, and that from sites already opened up and being worked because they were proving such remarkably good value. No industry can emerge unscathed from a 50 per cent. cutback in output, and the opencast coal industry was no exception.

Opencast mining needed a world fuel crisis to get it moving again. The "October" Middle East war in 1973 and the subsequent five-fold increase in oil prices provided that spur. The need for coal output to be expanded and then sustained at a high level in Britain was recognised in the changed world energy situation. It was appreciated that even the discovery of the prolific North Sea oil fields would not reduce Britain's need to run an efficient and productive coal industry. The Opencast Executive of the NCB was given the green light to expand output.

Current thinking about the long-term future of opencast is inclined to put very generous ceilings on the expected eventual total output of opencast. Opencast production has

This Report was written by ROY HODSON

production going to 15m. tons a year by 1980.

Already the sites are being planned and the machinery ordered towards that level of production. But looking further ahead there is a strong feeling in the Executive that 20m. tons a year might be feasible and practical from Britain's opencast sites without causing an unreasonable disruption to rural life. The total opencast proven reserves are extensive and space out across many sites in England, Wales and Scotland. During its 33 years opencast mining has produced 200m. tons of coal. But for the future proven reserves can give 15m. tons of opencast coal a year for the next 30 years. And known reserves could extend production for the next 100 years at 15-20m. tons a year.

However, the future of opencast mining depends not so much upon reserves of coal—they are ample and conveniently sited—as upon the continuing goodwill of the nation towards this form of coal extraction.

The Opencast Executive has never ravaged the land in the way that opencast coal is torn out in many foreign countries. Indeed it has on occasions removed coal from stately parklands in Yorkshire and the Midlands and replaced everything as left by the 18th century landscape gardeners.

Over the last 10 years the industry has been giving increasing attention to improving the quality of restoration work. Mr. Davison comments: "We can now be proud of what we leave behind." In many areas where opencast is conducted in and around old coal workings the land is left in a definitely superior state and dangerous shafts and tunnels are filled in. The Opencast Executive may have a significant role to play in the future, along with government, in helping to restore the large areas of industrial dereliction which still blight many of Britain's older industrial areas. Mr. Davison: "The essence of successful restoration of opencast sites is the planning of coal production and restoration as a single operation. In the view of the Opencast Executive, coal production by opencast methods is but one facet of total land use and the true costs and benefits of opencast coal cannot be calculated without taking into account the long-term value, both in commercial and social terms, of the land used for opencast operations."

The technology of shifting the millions of tons of earth to get at coal by opencast means is still essentially based upon the U.S. where strip mining for brown coal is carried out on a far larger scale than can ever be contemplated in Britain.

The removal of top earth and rock to get at the coal perhaps hundreds of feet down is always done by giant walking draglines. The biggest in the world—the 4250W by Bucyrus-Erie of the U.S. takes "bites" which each represent some 300 tons. Such a giant machine would be too big for even the most extensive opencast site in Britain. But the machines that are used on the British sites are, nevertheless, the biggest pieces of mechanical equipment in the country. As a result of the expansion of opencast mining, Walking draglines are now being manufactured in Britain—although with a content of American equipment. In turn this has led to export orders and what looks like a most promising new trading line for the British engineering companies involved. The huge dump trucks used on site by the opencast contractors are also being made in Britain and are being increasingly sold abroad.

## Export

Apart from the export of technology, the British opencast contractors also have an export potential in the skills they have acquired in opencast site restoration under the strict control of the Opencast Executive. Other countries are becoming more conscious of environmental problems these days, and the mining ministers of other countries have become frequent visitors to the British opencast sites to see how it is done.

A final attraction of opencast coal mining—although always a subsidiary factor—is that it is a very cheap way of getting coal. Mr. Alex Eadie, of the Energy Ministry, recently told the Commons that the annual profit per ton on NCB opencast output had risen to £1.76p a ton, while the cost of agricultural restoration and compensation for each ton of opencast worked out at 24p. In comparison the NCB loses money on every ton of deep coal mined or, at best, breaks even in a good year.

## Contract system

OPENCAST COAL mining in Britain involves digging the equivalent of a new Suez Canal every year as 16 tons of spoil are shifted to reach every ton of coal. The work represents by far the biggest continuing single work load for Britain's civil engineers, as the list of the big names involved indicates.

The Opencast Executive of the NCB has a list of approved contractors from whom it seeks tenders for new opencast contracts. Among the leading companies on the list are Wimpeys, Costain, Crouch, Lindsey Parkinson, Taylor Woodrow, Shand, and Murphy Bros. Wimpeys, to take one leading company involved, has been working for the NCB almost continuously since Vesting Day for the coal industry in 1947.

Contracts are totalling about £100m. a year at the present time and will be at least 50 per cent. up on that figure by 1980 as the typical contract price at current levels would be for the contractor to take up an NCB contract for a payment of about £10 for every ton of coal won from the site. Reduced to a single figure the contracting system looks straightforward enough. Yet it is in reality a most complicated business involving a good deal of keen estimating on the part of both contractors tendering and the Opencast Executive to strike a fair price without serious risk of a bonanza for one party and serious losses for the other.

Out of the top 20 contractors on the Opencast Executive list it is usual for about five to tender for each job. To be on the list at all is a prize in the contracting world and the Opencast Executive usually has a waiting list of about ten hopeful contractors.

The skills acquired by the contractors are now arousing interest overseas where there is an increasing awareness of the need to reinstate land after opencast workings. "What Britain can now offer the world is a particular skill of muck-shifting in reverse," one opencast expert put it. Areas with a big export potential for these skills are predominantly the Middle East, Australia, South Africa and America. There is likely to be a big boom in land restoration in the U.S. as a result of environmental pressures.

The system of using private sector contractors to work the State-owned opencast operations would not work without a

## Equipment

The Opencast Executive's engineers, working from the forward plans for opening up opencast sites for several years ahead—and influenced by the progress of permissions from Government and the effects of public inquiries—try to forward-order sufficient equipment in the executive's own name to ensure that there will always be equipment available when a site is ready to work.

That can mean ordering giant drag-lines for four or five years ahead and dump trucks by the dozen. The system enables the Opencast Executive to collaborate closely with manufacturers to provide the right sort of plant for the British sites. It also enables British companies to be encouraged into these areas of manufacture with the promise of future orders.

When a tender has been accepted the Board then turns over to the successful tenderer either its orders for the plant which is soon to come out of the factory, or the actual plant should it have arrived. At the present time the NCB has more than 30 excavators on order capable of shifting a total "bite" of more than 300 cubic yards a minute. They are worth more than £20m. Presumably they will be worth a lot more by the time they are delivered. The NCB, during the recent inflation of prices, could have made a financial killing by passing over its ordered equipment to contractors at the latest ruling prices. In fact, the policy is that the Board should neither make money nor lose money on this plant-ordering service. If the Opencast Executive holds the machines in stock it charges interest on the capital when the contractor finally takes them over to go into a new site.



## A site for sore eyes.

An opencast coal mine is not a pretty site. No one is more aware of the fact than the NCB Opencast Executive. That's why, when every new site is contemplated thing is planned to lessen the inconvenience to the public and limit disruption of the environment. Methods of site working are discussed and even the final restoration planned.

After authorisation, every site has the offer of a liaison committee comprised of the mining contractor, the public NCB—so the day-to-day operations are monitored. Opencast sites are not permanent industrial activities: average life is 3-4 years, but they do play a major part during Britain's coal.

Opencast production is also used to improve certain types of deep mine coal to suit user's needs. Currently, 10 million tons are produced from opencast coal sites. By 1980 this will be 15 million tons as agreed in Britain's Coal.

The NCB cares for the environment too. Since 1942 20,000 acres of land has been restored after opencasting. In the next five years a further 13,000 acres will be added under the supervision of the Ministry of Agriculture.

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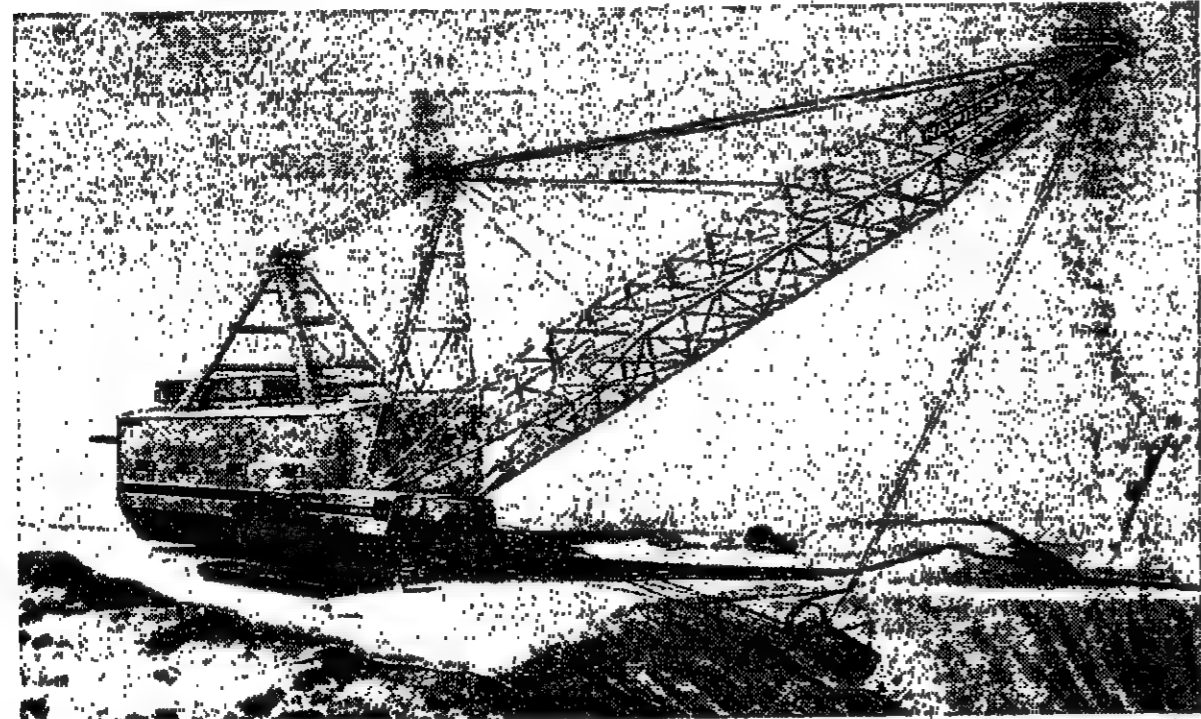
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# Long-term programme well under way

NOW THAT the Opencast Executive of the National Coal Board knows where it is going in terms of its long-term programme for expanding production under the Government approved Plan for Coal it is not wasting any time. The level of opencast mining is scheduled to rise by 50 per cent. by 1980 with a production target for that year of 15m. tons. From then on it is quite likely to go on rising to some 20m. tons a year. Opencast mining could even go beyond that with the steady improvement of methods of working sites and restoring

them satisfactorily. The reserves are already adequate for 100 years and now that the NCB is stepping up its rate of drilling exploratory bore-holes for coal deposits it is almost certain that more coal will be found that will be suitable for working by the opencast method.

Coal exploration had been neglected in Britain for many years until the new NCB programme began. For instance the deep Selby coalfield which is a tremendous find sufficient to supply some 15m. tons a year for more than a century was missed by drillers exploring the East Yorkshire area in the early 1900s and was not eventually discovered until very recently.

The main areas of shallow coal are in South Wales, South Yorkshire, the Midlands, South Lancashire, the North East and Scotland. Some of the coal is in under good countryside, hill land, or parkland, but much of it is in areas where mining has been going on for many years and which, in consequence, have already suffered much industrial dereliction. It is the intention of the Opencast Executive to leave the virgin areas as good as they find them and to actually leave the derelict areas in a far better state after extracting the coal.

### Decision

All applications for opencast sites are within the province of the Energy Minister. Usually there is a public inquiry, and it is the Minister who makes the decision whether or not to license a particular site to be worked. The Opencast Executive has been running between 48 and 50 sites at any one time. The actual working of the sites is always put out to contractors on the Executive's approved list. To meet the demands for more production the Executive must now open up more sites and in some cases perhaps extend the life of sites being worked. The average life of a site is in the region of 10-15 years but it could be longer; or it could be as short as a life as two to three years. Thus the availability of sites to cope with a tonnage target must always be a delicate balancing act for the planners.

Since 1942 the opencast industry has restored over 120,000 acres of land to agriculture after extracting coal and has improved 1,800 derelict acres which had been old mine workings, leaving it as good agricultural land. At any one time there are now some 36,000 acres in total being worked as opencast sites. Clearly that figure will rise sharply during the next few years as the big expansion gets under way.

The Executive has applied for 31 new sites to cope with its planned expansion. Mr. Benn, the Energy Minister, will give those applications much more urgent attention than has been the case in previous years when applications have been put in. The past form was that applications could languish for years with the Government while the possible environmental and political problems involved

with each site were assessed. Now there is a much greater sense of urgency to get on with extracting the coal.

Land is not the only factor in the expansion. The Opencast Executive, from its headquarters at Harrow, is busy forward-ordering the necessary big machines to work new sites for there is a lag between order and delivery of up to four years on the really heavy equipment.

The current capital investment in opencast mining is some £160m. including the contractors' own equipment. Clearly investment will rise sharply to cope with the expanding production but it will be small in relation to the industry's turnover of more than £200m. a year.

Three types of coal are basically involved when considering the effectiveness of the opencast method. First there is steam-raising coal for the Central Electricity Generating Board. The object here is to extract it from the largest possible sites and to send it by merry-go-round train systems direct to power stations. Other sites yield coking coal for the steel industry, which is a valuable coal and likely to be in increasingly short supply round the world. Finally there are the anthracite deposits. Anthracite is sometimes called the "black diamonds" of the coal industry for it is the hard, smokeless fuel which is most favoured for the domestic market.

The Opencast Executive know that their best anthracite sources are in South Wales. They have opencast workings along the southern edge of the South Wales coalfield and regard these workings as among their most valuable. Such has been the world

shortage of anthracite recently that the NCB has been forced to import some supplies from North Vietnam. The price of the fuel has soared meanwhile.

One of the biggest anthracite opencast sites was started as far back as 1949 when the predecessors to the present Opencast Executive took off the top of a mountain at Maesgwyn Cap in West Glamorgan to get at the anthracite. Other anthracite supplies were buried under the spoil.

With the new demand for anthracite and the high prices it is fetching it has become economic for the Opencast Executive to move that spoil for a second time to get at the remaining anthracite. They reckon that to move a mountain once is a praiseworthy effort but to move a mountain twice is a quite exceptional feat.

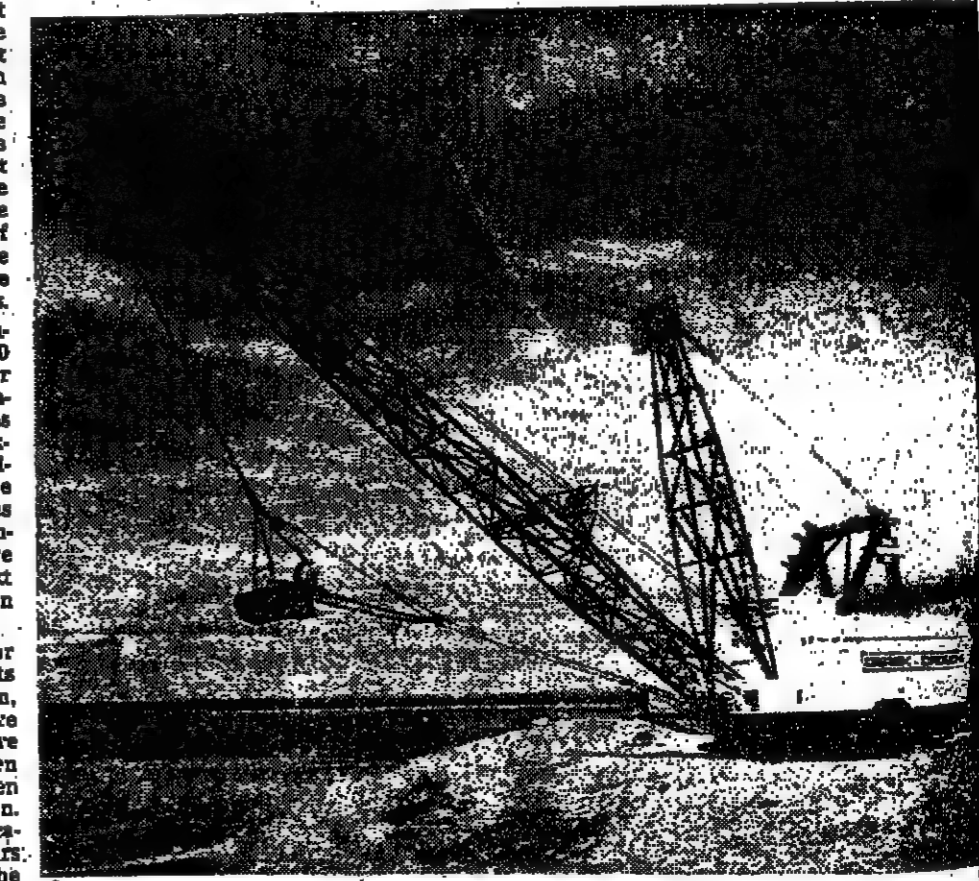
### Political

If the opencast expansion programme is delayed it will not be because of technical problems or the lack of knowledge of coal reserves. It will be because that continuing fear of the rape of the countryside inhibits the necessary political decisions to release new sites. An able and sustained public relations presentation will be necessary by the NCB to convince the public at large of what the industry itself knows: that modern restoration methods together with the acquired skills of working sites with the minimum of noise and disturbance can make opencast mining a generally acceptable way of securing energy supplies.

Mr. Davidson of the Opencast Executive put it like this: "The

fundamental issue is whether the country accepts wherever there are reserves which can be worked without violating the environment in a totally unbecoming manner, then these reserves only should be worked. It must be worked in a manner that we can reasonably decide to sacrifice coal reserves. We know that we can restore which has been opencast a totally acceptable way against this background issue as to whether coal be worked or not should be given the benefit of the reverse. If this principle is accepted a reasonable then the argument should be in the level of overall restoration rather than the pie from individual sites."

A clearer Government towards the licensing must emerge if the Opencast Executive of the NCB as its planned contribution to total coal target for the Opencast coal may be more than some 10 per cent of coal output in Britain. It is a most important line the opencast workings but a range of coal qualities which are in the NCB in its restoration. For instance it has been long the life of a despoiled working poor quality mining that coal—on station use—with higher opencast coal being in the same area as recently near both the and the customer stations.



"Big Georgie"—the largest walking drag-line currently working in Britain.

## High standards set for reclamation

WHILE THE British opencast sites are worked by independent contractors, full responsibility for, and control of, restoration and reclamation of the land involved belongs with the National Coal Board through the board's Opencast Executive. The land can be broadly divided into two categories. There is good agricultural land, which is returned to the farmer. And there is forest land requiring replanting with trees to restore it to its original state. The board even has its own tree nursery to keep a steady supply of strong young trees ready for sites in the process of restoration.

There is a third kind of site, and that is an area of industrial dereliction; old mine workings and the like, which is an eyesore when first worked and always emerges after the Opencast Executive has finished as a far more pleasant piece of Britain than before. On some

such sites dozens of old shallow mine shafts are found and destroyed as the digging does down some hundreds of feet to reach the coal. Those sites yield many artifacts from old mining days, including such items as leather harnesses worn by children as they dragged the tubs of coal along underground. Work on this kind of site also involves making it safer for the future. Old mine shafts are notoriously dangerous. The Opencast Executive blocks those that remain by capping them with concrete 2-feet thick.

### Baffle

When work gets under way on an opencast site the first major task is to strip off the topsoil and store it at the sides of the site to form baffle mounds and thus screen the site visually and cut down noise. The topsoil is usually only about 9 inches deep. After that comes about 2 ft. of subsoil. The subsoil also is stored in baffle

mounds. Then comes the major task of digging down through hundreds of feet of compacted rock and gravel to reach the first layers of coal. The big walking draglines are assembled for that task and start a 22-hour a day stint. Much blasting is often necessary to break up the rock before the drag-line can get into it. The very term opencast stems from the drag-line part of the operation. As the giant machine, driven by one man, scoops up several tons at a time it digs a trench called a box-cut and deposits the spoil to one side in a series of conical hillocks that look like enormous worm casts. The mechanical shovels follow when the coal is revealed and clear all the coal seams revealed in the box cut. Then the drag-line starts a second box cut alongside the first but this time depositing its spoil to fill the first box cut.

The process is continued all the way across the site until a final box cut is cleared. The dump trucks take the spoil from the first box cut, standing in a series of baffle mounds, and transport it across the site to fill it up. The result of that sequence is a site but lower by several feet the thickness of the coal has been removed.

### Contours

The land is then restored to its original contours. The mechanical equipment is used to level the subsoil and topsoil from the baffle mounds. Before it is spread through a process called "ing". The soil is then cleaned to remove boulders, contractor's debris anything which might harm the land or turn a pleasant future. So it is that the land when it goes back

CONTINUED ON NEXT PAGE

# Technology founded on the walking drag-line

ARE times in the past when the coal industry was going forward fast and the hands of three men. That is during the digging down of feet through over- to get at the coal. A walking drag-line will take the site steadily from one side to the other, depositing the spoil one side for the later of backfilling. The size of the monster is grasp until a man alongside. He is even by the machine's which it can take forward. It is driving the drag-line where on the site be a small back- litters and electricians over the machine. But it is likely to heading and maintain- only two hours in As for endurance... engineers find the of these machines. The life of them be 25-30 years. And be they can repay their over and over again. It is equivalent of their every 90 minutes. It coal mining with all costs and use. Britain to back up mines would not be are it not for the tech- nocompass in the drag-line. No other could get through rock and clay to the er jetting would not it would upset the in many parts of the

8 knows what it can of its machines and m hard. One was major overhaul. The chief engineer will expect him to out another stoppage at 15 years. The technology is almost to come back into the market. The Open- cast Executive is al- ways far their vast

The NCB policy is to buy British equipment whenever possible. For its dump trucks it often turns to vehicles made in Scotland by General Motors and marketed by the Blackwood-Hodge Organisation. Aveling-Barford dump trucks are also used on the sites. The dump trucks within the opencast sites are themselves mighty pieces of machinery and the NCB is aiming these days for capacities of around 50 tons. At present they are using on sites the equivalent of 400 trucks of 50-ton capacity. As the expansion of the opencast industry goes on during the next five years that fleet will be increased to some 600 trucks. They cost about £90,000 each at present.

Caterpillar, the American company which has an excellent world-wide name for its products, has a large British subsidiary, and is considering developing a dump truck in Britain. With the ultimate responsibility for shifting some 300m. tons of overburden each year, the NCB gives a lot of thought to the equipment used on its sites. There are also basic decisions to be made well in advance of working sites on the geological knowledge available. Is the gear for that site to be shovel or dragline? Should it be electric or diesel? Should a single large machine or several small ones be employed?

Most opencast sites that are now being worked in Britain are using excavators in the 6-8 cubic yard range. Every half minute such a machine will shift its load. The largest sites are worked by the giants, however, which can shift up to 30 or 40 cubic yards every minute. Big George himself takes a 100-ton bite every 75 seconds.

Drag-line operators have the sort of job that every schoolboy dreams of. The operator's command of a giant excavator of today is an air-conditioned, was cradled. The opencast Executive is working in to-

all-round vision. The controls are at the operator's fingertips. He has 4,000 horsepower to use to power a single bucket as it tears through the ground.

A recent review by the Open- cast Executive showed that about 30 per cent. of the equip- ment in use is more than 10 years old. That represents exca- vators capable of a combined "bite" of some 400 cubic yards. They will be replaced during the next five years to seven years. That means that the opencast sites will probably be rein- forced each year by two diesel draglines of seven cubic yards each, four electric machines of seven cubic yards each, and two electric shovels of 12 cubic yards each. A new giant walk- ing drag-line will be ready in 1982 and another in 1984.

## Satisfactory

The Coal Board will certainly continue its policy of co- operating with the private enter- prise manufacturers of giant earth-moving equipment for they have found it a mutually sat- isfactory arrangement all the way. It has been profitable for the Board, for the civil engineers,

and for the plant manufacturers. The fact that the opencast coal industry in Britain, with a combined turnover each year of £200m. including coal and plant, is now the biggest home market for British manufacturers of earthmoving equipment is an important reason why the opencast industry must have stability in the future. The wild swings in opencast coal production during the last 30 years were most damaging to the plant makers. Now they are prepared to believe that Britain's opencast coal production will be sustained and expanded without unexpected interruptions in the demand for new equipment. That fact is encouraging them to put down new facilities and to go in for new models. The benefit to Britain will be felt as those companies build up export markets in big earth-moving equipment. It is not a dream but a practical opportunity. Already good business is being done in the Middle East where the potential is enormous. There is even a good chance the British makers will be selling into the American market from where the technology came in the first place.

## Reclamation

CONTINUED FROM PREVIOUS PAGE

ever was before the work started.

The sort of imaginative use of land that can result from the opencast process properly applied is to be seen in the Midlands new town of Telford, which is being developed on the old industrial area beside the Severn where the first indus- trial revolution of coal and iron was cradled. The opencast Executive is working in to-

Another example of the Executive's work — only now just starting — is the Butterwell opencast site in Northumber- land. This 2,000-acre site is the biggest the Opencast Executive has yet applied for and the application has been in for more than eight years. During that time the NCB has actually re- freshed its application three times and has appeared before two public inquiries. There are 12m. tons of coal beneath But- terwell and it is all good stuff within easy reach of power stations. The work has been worth it in the NCB's view. It will take at least 10 years to work the Butterwell site. In this case the earth batters will be nearly 100-feet high to screen the village of Hebron. A new disposal point for coal will be built, and there is to be a reservoir to supply water for pow- ers to keep down dust. Some of the Butterwell coal — more than 1m. tons every year — is the expected output — will be shipped out of the port of Blyth to power stations in the south of England.

Disturbance

The view of Mr. Davison of the Opencast Executive is that it is pointless to pretend that opencast coal working does not represent a major disturbance in the area in which it occurs. He wants to make sure that people can live with such dis- turbance and that everything possible will be done to mini- mise it.

The movement to gain respect- ability for opencast coal min- ing has been much encouraged lately by the response of local authorities, who are realising that definite benefits can accrue to them in terms of good land and lakes in return for allow- ing the Opencast Executive to spend a few years extracting coal.

The authorities are looking for lakes for water sports, nature areas, open spaces to balance housing and such inci- dentals as ski slopes made from reclaimed land heaps. A good example of a large area restored to a leisure park and water space amenity after opencast working is at Shipley Lake, Derbyshire. The restoration of a 1,000-acre scenic area is now complete and maturing. There are to be water sport facilities on a 32-acre lake, an 18-hole golf course, a nine-hole pitch and putt course, camping areas, a wildfowl reserve and sports fields. The lake area is due to open in May this year, and Derbyshire County Council hope it will relieve the pres- sure of public use on the Peak National Park, which is becom- ing a trifle threadbare in places from the scuffing of too many pairs of feet.

## COALS TO COALVILLE



erected during construction

veyor system selected by the NCB Opencast Executive to carry safely 1,000,000 tons of coal a year across 3.6 metres of Leicestershire countryside from Coalfield opencast site to rail loading facilities at Coalville, with minimum disruption to the environment.

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# WALL STREET OVERSEAS MARKETS

## Early moderate gains on fresh demand £ & \$ steadier

BY OUR WALL STREET CORRESPONDENT

MODERATE GAINS predominated on Wall Street today, with optimism about the U.S. economy and the stock market's strong recovery from the recent decline in fresh investment money from the sidelines.

The Dow Jones Industrial Average, however, was off 1.37 at 989.39, but the NYSE All-Common Index was up 14 cents to \$53.75 and more than twice as many issues advanced as declined. Turnover expanded 8.31m. shares to 20m., compared with 11.1m. yesterday.

Stocks closed comments on the outlook for the U.S. economy by top Government officials.

Mr. Simon, Treasury Secretary, told the House Budget Committee that inflation is still a danger that could short the economic recovery, while Dr. Arthur Burns, chairman of the Federal Reserve Board, testifying before the House Banking Committee, projected growth for the narrowly defined money supply which would provide adequate to finance a good expansion of economic activity in 1976.

Individual issues responded favourably to corporate news. United Technologies put up \$1 to \$54 on higher fourth quarter profits.

Clark Oil and Refining picked up 47 to \$11, following a profit for the fourth quarter compared with a loss a year earlier.

Aluminum Co. of America were up \$1 to \$45.4 after announcing some price increases on common alloy sheet products and a few plate products.

Heavily traded Avon Products added \$1 to \$42.4 following improved fourth quarter profits. Abbott Laboratories surrendered \$1 to \$41, but Williams Companies were lifted \$1 to \$28.9 on a gain in South Louisiana.

Superior Oil jumped \$2 to \$18.5 after a delayed opening—the company said it knew of no reason for the activity in its stock.

Control Data gained \$1 to \$26, reflecting its profit in the fourth quarter of 1975 compared with a loss in the year as a whole.

The American SE Market Value Index rose 0.30 to 95.97, while the turnover expanded to 2.84m. compared with 1.2m. yesterday.

A stock sent on the American SE sold for \$47,000, up \$2,000 from the last sale on January 28.

Closing prices and market reports were not available for this edition.

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Canada moves up

Canadian Stock Markets moved up over a wide range yesterday morning, with Utilities, off 0.26 at 137.65 on index, moving against the general trend.

The Industrial Index rose 1.11 to 183.78, while 2.89 to 273.37, Base Metals 0.65 to 82.93, Western Oil 0.54 to 210.32, Banks 3.13 to 251.79.

### OTHER MARKETS

PARIS—Slightly lower in dull trading.

Oil weakened sharply on profit-taking, while Chemicals, Stores, Rubbers and Foods were easier.

Most other sectors were mixed, with only Financials and Metals steady.

Amsterdams—Moderate gains predominated in continued lively trading.

Steel rose a little, Electrical and Utilities finished steady.

Metals were mostly higher, Chemicals, Stores, Rubbers and Foods were easier.

U.S. shares finished generally steady, South African Gold Mines advanced, while small gains were recorded in French, German and Dutch sectors.

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NEW YORK, Feb. 3.

Waiting fell DM2.10 to DM2.30 and Schering DM2.10 to DM2.30.

In Motors, BMW gained DM2.50 to DM2.70, while Volkswagen was down DM2.50.

Public Bonds gained up to DM2.50, Deutsche Bundesbank sold DM2.20, worth of Public Bonds.

Contracting F&S, V&F, Stock Engineering were up F&S 2.10 and Nutricia F&S 2.10 to 74.50.

Bond-Market Long Term saw an average of F&S 2.10 to F&S 2.30. Short-Term were steady.

GERMANY—Slightly off but above weak opening quotes.

In Banks, Commerzbank DM1.70 to DM2.00, Dresdner DM1.50 to DM2.00, Deutsche DM1.50 to DM2.00, Chemicals were little changed, although Chemie Var-

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AGRICULTURE AND RAW MATERIALS

Viet-U.S. in deals in ecast

WNEAPOLIS, Feb. 3. U.S. Union and Eastern expected to purchase 100,000 tons of U.S. grain 1976 crops, according to a report from the International Longshore Association (ILA). The report says the U.S. does not buy in bloc countries like East Germany, but it does buy from the not supply the rest of their grain needs, Mr. J. A. Press, conference.

ing the Farmers' Elevation of Minnesota, he did not plan any U.S. grain shipments next five years because now a five year U.S. grain agreement, the ILA members re-load ships with grain for a time in regulated sales of U.S. grain considered the interests of domestic.

son said, however, that rates were under- of shippers in Europe by as much as 50 per cent, while the refusing to allow non-flag ships to carry

Government moves to help tenants inherit farms

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

CLOSE RELATIVES of deceased tenant farmers will have the opportunity to succeed to the farm tenancy under a clause being added to the Agriculture (Miscellaneous Provisions) Bill now going through the House of Commons. Announcing this yesterday, Mr. Fred Peart, the Minister of Agriculture, said he wished to bring England and Wales in line with Scotland where the practice already exists.

Those who wished to succeed to a tenancy would have to appeal to an agricultural land tribunal and be qualified not only by relationship but by having sufficient farming knowledge and experience of the holding over a term of years. A health and adequate financial resources. In this event, the tribunal would be bound to give such applicants priority.

However, the county council smallholdings of which the land is either the land of the county council will not be covered by these arrangements. Agricultural tenants in England and Wales have security of tenure during their lifetime but in general these tenants cease to have security when the landlord can serve effective notice to quit within three months. The pressure for this further security has arisen because over the last two or three years an increasing number of landlords have been refusing to let farms to the sons of tenants. They have taken them over for themselves, let them to somebody else or sold with vacant possession at a much higher price than can be made on land that is let.

This has meant some of tenant farmers finding that they have been turned out of their home time running the farm at home. They have found it almost impossible to get another farm to rent. Finding a job in farming for which they are qualified is also hard.

**Extra security**

The demand for action surfaced at the recent National Farmers' Union annual meeting and although the debate was in a way inconclusive there is no doubt that the general feeling was well summed up in the words of Mr. Richard, chairman of the Parliamentary committee, who said the union's job was to look after those actually in farming rather than those who were trying to get in.

There was in answer to the opponents of the measure who claim that extra security would be impossible for new blood to come in and it would create a class of hereditary tenants.

In fact, landlords are in a fairly strong position. They can raise the rent by arbitration every three years, enforce the terms of their tenancies and under the new legislation, contest the appeal of the prospective successor on many grounds including hardship.

Peter Bullen writes: Although welcoming the fact that the Government has introduced the clause (which means a Labour backbencher's clause on tenancies has now been withdrawn) with some fairly tight provisions to meet some of the owners' objections, the Country Landowners' Association would still prefer the law on tenancies to remain undisturbed. Any changes on the lines suggested are bound to act as a discouragement to all letting of land.

The NFU welcomed the move adding we hope and believe that when the details of the Government's scheme are published they will be seen to deal satisfactorily with the matters which have been causing the union concern and will, in effect, over the sort of cases of hardship to tenant farmers' families that undoubtedly exist under the present law, without adversely affecting the landlord/tenant system and the availability of farms to let.

Cocoa and coffee prices fall

By Richard Mooney

THE RECENT upsurge in cocoa prices was halted yesterday with the March position declining £14 to £747.75 a tonne.

After opening lower, London terminal market values eased during the morning with trade and commission-house selling being only partially absorbed by trade buying. Reports of significant sales by Brazil were also thought to have encouraged the fall.

Coffee values also finished lower. Following up Monday's first time in New York the March position climbed to \$88.9 a tonne in the morning but the market turned round after a disappointing opening in New York and May closed at \$85.5 a tonne, down £4 on the day.

From Boca Raton, Florida, meanwhile Reuter reports that the Brazilian Coffee Institute (IBC), sold the recent freezing of the export tax (contribution quota) on coffee would encourage greater productivity by Brazilian growers.

He said, however, producers would be able to get a larger share of export coffee income now since the export tax will no longer be adjusted when changes are made in the Cerezo party.

Sea island cotton in fashion again

By Rhys David

PRODUCTION of West Indian sea island cotton, which is currently coming back into vogue in textile markets as a luxury natural fibre, will reach a new peak in the present season of around 650,000 lbs - almost double the output two years ago. The total acreage under plantation has also increased from 2,201 acres in 1974 to 2,587 acres in 1975 and further increases in acreage and production are expected when the next planting season begins later this year, according to Mr. Arthur Knight, the London-based international marketing executive of the West Indian Sea Island Cotton Association.

Increased production of the fibre is used in high quality cotton garments, follows moves by a number of smaller West Indian islands - Antigua, Barbados, Montserrat, Mustique, Nevis, St. Kitts, and St. Vincent - to re-establish the crop which has virtually disappeared from production.

Modern agricultural methods are being developed including mechanisation of harvesting, clearing, ginning and baling. As well as stimulating interest among farmers, the Governments in the islands have sponsored planting schemes. As a result, production of the cotton, noted of its very long staple length and its softness, has increased from 47,880 lbs in 1971 to the present 650,000 lbs and the acreage under plantation has climbed from 455 acres to nearly 2,600 acres.

The value of the crop to the islands has risen even more sharply from £13,400 to £421,600 last year. The latest crop should fetch another record price.

Aid towards re-establishing the industry has come from the United Kingdom and the Commonwealth Development Corporation. In the U.K. for the cotton. The crop which is sown about August and harvested in February is acquired by the West Indian Committee in London, well before harvesting, for subsequent sale.

The 1975 crop was sold for around 67p per lb with the U.K. taking 371,491 lbs out of the 625,000 lbs total. Whereas in 1971 and 1972, Britain took the entire crop, other countries have now emerged as buyers with Italy taking 188,381 lbs and

Australia urges Japan to stand by its long-term contracts

BY OUR OWN CORRESPONDENT

MR. DOUGLAS ANTHONY, Australia's Minister for National Resources and Overseas Trade, begins a seven-day visit to Japan tomorrow aimed primarily at protecting Australian long-term commodity supply contracts, especially for sugar, iron ore and coal.

Mr. Anthony said before leaving today, "My main task will be to find ways to help them stick to their agreements with us. We want them to keep their contracts and if there have to be cutbacks, they should be against other countries, not Australia. A sugar reduction delegation from Japan visited Australia last month seeking major revision of the existing long-term supply contract - so far without success. Similar intentions have been

Thai rice export hopes

BANGKOK, Feb. 3. THAILAND's export of rice to export 1.5m. tonnes of rice this year, a Government official said. Commitments already concluded with foreign governments totalled 370,000 tonnes comprising: Indonesia, 100,000 tonnes; China, 150,000; (India, 60,000; Mauritius, 60,000; African countries, 150,000; and others 50,000.

A Thai delegation is due to leave for India this week-end for discussions for 100,000 tonnes of parboiled rice, he said.

Egg buying trend worry for producers

BY PETER BULLEN

A DISTURBING long term trend for egg producers has been spotted in recent consumer surveys conducted on behalf of the Eggs Authority.

Young women in the 17 to 24 age group show a marked lack of interest in buying and cooking eggs, which could mean that the next 10 to 20 years - if this attitude remains unchanged - egg sales could drop significantly as by far the biggest egg purchasers in the 35-year old group of housewives with young families to feed.

Mr. Bernard Mallet, the Eggs Authority chief executive, commenting on the latest survey results yesterday said they could not tell the young women's attitude was a permanent one.

However, it could mean that the Authority will have to look carefully at its advertising and promotional material to see if any changes will be needed.

In general the survey showed that the industry's advertising and promotional efforts seem to be well based. Although egg consumption has been dropping in recent years - from 273 eggs per person a year in 1972 to 258 in 1974 - there were signs that the decline was levelling off in the U.K. unlike other European countries, said Mr. Mallet.

Just over 2,000 housewives aged from 18 to 64 were interviewed in the survey and most of them bought eggs only once a week, usually on a Friday or Saturday. Self-service shops and supermarkets were the most popular source of egg purchases particularly among the younger housewives who found these shops more convenient.

The number of housewives buying eggs direct from farms has dropped from 18 per cent when the last survey was taken in 1972, to only 11 per cent last year - the fall being attributed to the rise in the cost of petrol.

What may shock many British egg producers was that 28 per cent of the housewives said they had no preference between British and foreign eggs - doubling the 1972 figure.

Only 34 per cent of housewives claimed they could tell foreign eggs from those produced in this country.

AMODITY MARKET REPORTS AND PRICES

METALS

At 10.30 a.m. on Feb. 3, 1976. All prices in £/tonne unless otherwise stated.

Commodity	Unit	Price
Aluminium	£/tonne	1,250.00
Copper	£/tonne	1,850.00
Gold	£/ounce	375.00
Iron	£/tonne	150.00
Lead	£/tonne	120.00
Nickel	£/tonne	1,500.00
Platinum	£/ounce	1,200.00
Silver	£/ounce	15.00
Tin	£/tonne	1,100.00
Zinc	£/tonne	1,000.00

PRICE CHANGES

Prices per ton unless otherwise stated.

Commodity	Unit	Price
Aluminium	£/tonne	1,250.00
Copper	£/tonne	1,850.00
Gold	£/ounce	375.00
Iron	£/tonne	150.00
Lead	£/tonne	120.00
Nickel	£/tonne	1,500.00
Platinum	£/ounce	1,200.00
Silver	£/ounce	15.00
Tin	£/tonne	1,100.00
Zinc	£/tonne	1,000.00

U.S. Markets

NEW YORK, Feb. 3. Prices in \$/cwt unless otherwise stated.

Commodity	Unit	Price
Aluminium	\$/cwt	1,250.00
Copper	\$/cwt	1,850.00
Gold	\$/ounce	375.00
Iron	\$/cwt	150.00
Lead	\$/cwt	120.00
Nickel	\$/cwt	1,500.00
Platinum	\$/ounce	1,200.00
Silver	\$/ounce	15.00
Tin	\$/cwt	1,100.00
Zinc	\$/cwt	1,000.00

SOYABEAN MEAL

At 10.30 a.m. on Feb. 3, 1976. All prices in £/tonne unless otherwise stated.

Commodity	Unit	Price
Aluminium	£/tonne	1,250.00
Copper	£/tonne	1,850.00
Gold	£/ounce	375.00
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Lead	£/tonne	120.00
Nickel	£/tonne	1,500.00
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Silver	£/ounce	15.00
Tin	£/tonne	1,100.00
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Wool Futures

LONDON: The market was firmer in most positions except the near months.

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# FINANCIAL TIMES

Wednesday February 4 1976

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## Behind closed doors at Stormont

BY GILES MERRITT

BELFAST, Feb. 3. AT THE prefab annex entrance to the Stormont Parliament, a burly Royal Ulster Constabulary security man sat knitting babies' yellow booties. An elderly colleague from among the cluster of guards stood several inches straighter as a visiting brigadier inspected his medal ribbons. That's quite a row you've got, he remarked jovially. "Burnish".

At first sight, a day like any other on the mile-long hill dominating East Belfast where Stormont sits. The endless, resonant corridors with their expensive new paintwork are as deserted as ever. Only those in the know would be aware that today is the day Northern Ireland elected representatives return here after a three-month absence.

**Solution**  
They have come, as directed by Westminster to look once more for a constitutional solution that will give both religious communities a say in Ulster's future. They have exactly one month to do so. Set against nearly seven years of bloodshed and 50 years of bitterness, it is a tall order.

Officially, today's business is Plenary Session 32; unofficially it was the brief, almost cursory, reopening of an Assembly whose parties would find so little common ground that their leaders prefer to discuss their hard-line positions in the privacy of inter-party talks rather than in open session.

### Acclamation

The Convention moved to adjourn at last and the talking behind closed doors in a matter of minutes. It did so by general acclamation, which meant that no one spoke against it save one dissenting voice. Prof. Kennedy Lind, leader of his own one-man Ulster Dominion Group. For 30 of the sitting's 39 minutes he united political rivals as he told them why all the Convention's 78 members but he were out of step. He urged them to laugh and join Mr. William Craig, the Vanguard leader, who is in rebellion against his Unionist colleagues as he champions coalition Government with the mainly Catholic Social Democratic and Labour Party, was told that he enjoys "as much support in the country as Jack the Ripper".

### More in hope...

Sir Robert Lowry, the Convention's chairman, who will preside over the series of hour-long inter-party discussions expected to occupy at least the coming fortnight, then stepped in with his welcoming statement. He concluded, somewhat drily, that an agreed solution "is what we shall seek and what I believe the public at present with more hope than confidence, desires".

As the Convention rose, the Rev. Ian Paisley lingered while studying a document, possibly the same one his aide was soon handing out to reporters. This was the text of a fighting speech delivered later to-night at a Protestant rally, and which chronicled "Britain's shame and the plight of the security forces handcuffed by treason-practising politicians".

## Ministry attacked over P.O. finances

BY DONALD MACLEAN

THE Department of Industry was strongly attacked yesterday by the Select Committee on the Nationalised Industries for its handling of the financial problems of the Post Office.

The committee was "gravely concerned at an apparent lack of knowledge in the Department of Industry of the accumulating deficit of the Post Office beyond its forecast" in the current financial year.

The Department should have been "fully aware of and concerned in" the Post Office's problems, "particularly when they involve the taxpayer in deficits in excess of £300m."

The committee also attacks the Post Office Board, which, it says, "appears to have been extremely dilatory in disclosing to the Secretary of State that there had been a material worsening of the Corporation's financial position."

The Post Office now expects to make an overall surplus this year, and not to take up its full £70m. Government subsidy on postal services. On telephone services, it expects to exceed its £80m. profit target. This follows introduction of new charges in the autumn, then expected to bring in £284m. Christmas traffic is said by the Post Office to have held up well in the face of the higher charges.

In a report on letter services, the select committee says that the two services "operate as independently of each other as common working for a single Corporation" permitted.

With the "increasingly technical nature of telecommunications work, the extent of their interdependence in this field has steadily increased."

The review committee should also re-examine tariff concepts "so as to determine a general tariff philosophy. This should aim at achieving a high level of traffic by judicious application of the ideal ratio between first and second-class mails and the optimum price differential between them, so as to maximise profits."

In illustration of this the select committee says that the same revenue as the Post Office hopes to obtain from its September increases, a 8 1/2 p first-class and 1p second, on the forecast traffic level could have been raised by charging 10p for first-class letters and 6p for second-class, even if such a tariff had resulted in a fall in the ratio in volume between the two classes to 30-70.

If the second-class tariff had been kept at 6p and the traffic level was restored to its former (1967-68) peak, it would be necessary to charge more than 8p for a first-class letter. Tariffs of this order are just as likely to generate traffic as the present tariffs are certain to reduce it."

Editorial Comment, Page 16

**Separation move**

Among the recommendations by the select committee is one that the separation of postal and telecommunications should be examined by the review committee. This takes a more open stance on the question than the select committee's previous

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This, he argued, would be sufficient to underwrite a satisfactory rate of economic expansion. But he warned that "the growth rates of money and credit at present desired by the Federal Reserve cannot be maintained indefinitely without running a serious risk of releasing new inflationary pressures."

Unlike members of the Administration who have been telling Congress in recent weeks of the dangers of inflation, Dr. Burns did not dwell on the necessity of pruning the Budget deficit.

But this omission does not mean he went down better with the liberal Democrats on Capitol Hill. He would like to use monetary as well as fiscal means of boosting the economy and creating more jobs.

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"The rate of inflation in consumer markets could worsen further if the recent sharp increases in wholesale prices are passed through to the retail level."

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He argued strongly that the Fed's monetary policy in the past six months or so had demonstrated the right one, despite criticisms that it had been insufficiently expansionary.

"Increases in the turnover of money balances have been even larger than we at the Federal Reserve had anticipated."

"Over the past two quarters, the velocity of M1—that is, the ratio of GNP to M1—increased at an annual rate of over 10 per cent. The largest increase for any half year in the past quarter of a century."

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